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**March 30, 2016**

## **RETIREMENT PLAN CONSULTING SERVICES PROGRAM**

**This brochure provides information about the qualifications and business practices of UBS Financial Services Inc. and our Retirement Plan Consulting Services Program that you should consider before becoming a client of these programs.**

**If you have any questions about the content of this brochure, please contact us at 888-526-7454. 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 UBS Financial Services Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that registration as an investment adviser does not imply a certain level of skill or training.**

**This Form ADV Disclosure Brochure applies to the Retirement Plan Consulting Services Program at UBS Financial Services Inc. We will not provide another copy of the Form ADV Disclosure Brochure during your Retirement Plan Consulting Services Program engagement unless there are material changes to the document we originally provided to you. Annually we will provide you with a copy of our updated Form ADV Disclosure Brochure or a summary of material changes from the brochure previously provided to you. The brochure is also available at**

**<http://www.ubs.com/us/en/wealth/misc/AccountDisclosures.html>**

**Please retain this document for future references as it contains important information about our Retirement Plan Consulting Services Program. You may obtain a copy of the current Form ADV Disclosure at any time by contacting your Financial Advisor.**

## ITEM 2.MATERIAL CHANGES

This section describes the material changes to our Retirement Plan Consulting Services non-discretionary and discretionary programs since the last filing of our Form ADV on March 31, 2015.

- This filing represents the consolidation of three previously filed discretionary and non-discretionary program ADVs describing services offered by Retirement Plan Consulting Services and within the Financial Education Program.
- **Fee Schedule** (Item 5.A)

Please see Item 5, "Fee Schedule," to review the changes made to the fee schedule pertaining to minimum and maximum fees.

- **Client Referrals** (Item 14)

Item 14 has been updated to reflect that we may now pay or receive compensation for the referral of Retirement Plan Consulting Services clients and the terms of those referral arrangements.

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## References in this brochure to:

- **"Agreement"** or **"RPCS Program Agreement"** means the Retirement Plan Consulting Services Agreement.
- **"RPCS"** means Retirement Plan Consulting Services.
- **"Eligible Investments"** means the securities and strategies your Consultant may identify as part of an investment search: investment managers, mutual funds, exchange traded funds, collective investment trusts, and stable value funds.
- **"RPCS Investment Discretion"** means Retirement Plan Consulting Services with Investment Discretion services.
- **"RPCS Discretionary Models"** means the Retirement Plan Consulting Services with Discretionary Risk-Based or Target Date Discretionary Models services.
- **"Discretionary Programs"** means the Retirement Plan Consulting Services with Investment Discretion and the Retirement Plan Consulting Services with Discretionary Models
- **"Program"** or **"program"** means the Retirement Plan Consulting Services program.
- **"RPCS Consultant"** means your UBS Retirement Plan Consulting Services Financial Advisor
- **"Retirement Plan Consulting Services Program Fee"** means the fee payable under the Retirement Plan Consulting Services Agreement, the Retirement Plan Consulting Services with Investment Discretion Services Agreement, or the Retirement Plan Consulting Services with Discretionary Models Services Agreement, as applicable.
- **"ERISA"** is the Employee Retirement Income Security Act of 1974, as amended
- **"Plan"** or **"plan"** means: a defined contribution retirement plan for self-employed individuals, a defined contribution employee benefit plan subject to ERISA or a nonqualified retirement plan.
- **"UBS"** unless otherwise noted, means UBS Financial Services Inc.
- **"You"** and **"your"** refer to the plan or the plan sponsor as appropriate.
- **"We"** or **"us"** unless otherwise noted, refers to UBS Financial Services Inc.

## About UBS Financial Services Inc.

UBS Financial Services Inc. ("UBS") is one of the nation's leading securities firms, serving the investment and capital needs of individual, corporate and institutional clients. We are a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS Group AG is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser, and futures commission merchant.

As a registered investment adviser, we complete Part I of Form ADV, which contains additional information about our business and our affiliates. This information is publicly available through our filings with the U.S. Securities and Exchange Commission ("SEC") at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This information is current as of the date of this Brochure and is subject to change at our discretion.

## Conducting Business with UBS: Investment Advisory and Broker Dealer Services

As a wealth management firm providing services to clients in the United States, we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser, offering both investment advisory and brokerage services.<sup>1</sup>

Our clients work with their Financial Advisors to determine the services that are most appropriate given their goals and circumstances. Based on the services you request, we can fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Most of our Financial Advisors are qualified and licensed to provide both brokerage as well as advisory services depending on the services a client has requested.

In addition, some of our Financial Advisors hold educational credentials, such as the Certified Financial Planner™ (CFP®)<sup>2</sup> designation. Holding a professional designation typically indicates that the Financial Advisor has completed certain courses or continuing education. However, use of a designation does not change UBS's or the Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

**It is important to understand that investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contracts with you. While there are certain similarities among the brokerage and advisory services we provide, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to a number of important differences.**

## Our Services as an Investment Adviser and our Relationship with You

We offer a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers, mutual funds, exchange traded funds and other securities offered through our investment advisory programs.

Generally, when we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to

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<sup>1</sup> Examples of our advisory programs and services include our fee-based financial planning services and our ACCESS, Portfolio Management Program, Managed Accounts Consulting, CAP Program, UBS Institutional Consulting, Retirement Plan Consulting Services Program, UBS Strategic Advisor, UBS Strategic Wealth Portfolio, UBS Managed Portfolio Program and PACE programs. Examples of our brokerage accounts include our Resource Management Account® and the International Resource Management Account.

<sup>2</sup> Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for our advisory program(s) which provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

### **How We Charge for Investment Advisory Services**

We may charge for our investment advisory services in any of the following ways:

- A percentage of the amount of assets held in your advisor account
- A flat annual fee
- Periodic fees
- Advisory financial planning services are available for a fee.

Your Financial Advisor will receive a portion of the fees you pay us.

### **Our Fiduciary Responsibilities as an Investment Adviser**

When you participate in one of our investment advisory programs, we are considered to have a fiduciary relationship with you.<sup>3</sup> The fiduciary standards are established under the Investment Advisers Act of 1940 and state laws, where applicable, and include:

- Obligations to disclose to you all material conflicts between our interests and your interests.
- If we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you, we must disclose that to you.
- Obtaining your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client when we act in an advisory capacity.
- Treating you and our other advisory clients fairly and equitably and not unfairly advantage one client to the disadvantaging of another.
- The investment decisions or recommendations we make for you must be suitable and appropriate for you and consistent with your investment objectives and goals and any restrictions you have placed on us.
- Acting in what we reasonably believe to be your best interests and in the event of a conflict of interest, we must place your interests before our own.

Termination of your advisory account or agreement will end our investment advisory fiduciary relationship with you as it pertains to the terminated account or services and, depending on the terms of your investment advisory agreement with us, will cause your account to be converted to, and designated as, a brokerage account only.

### **Our Services as a Broker-Dealer and Our Relationship With You**

As a full-service broker-dealer, our services are not limited to taking customer orders and executing securities transactions. As a broker-dealer, we provide a variety of services relating to investments in securities, including providing investment research, executing trades and providing custody services. We also make recommendations to our brokerage clients about whether to buy, sell or hold securities. We consider these recommendations to be part of our brokerage account services and do not charge a separate fee for this advice. Our recommendations must be suitable for each client, in light of the client's particular financial circumstances, goals and tolerance for risk.

Our Financial Advisors can assist clients in identifying overall investment needs and goals and creating investment strategies that are designed to pursue those investment goals. The advice and services we

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<sup>3</sup> Fiduciary status under the Investment Advisers Act is different from fiduciary status under ERISA or the Internal Revenue Code. While in our investment advisory programs we act as a fiduciary under the Investment Advisers Act, we do not act as a fiduciary under ERISA or the Internal Revenue Code unless we expressly agree to do so in writing.

provide to our clients with respect to their brokerage accounts is an integral part of our services offered as a broker-dealer.

In our capacity as broker-dealer, we do not make investment decisions for clients or manage their accounts on a discretionary basis. Instead, we will only buy or sell securities for brokerage clients based on specific directions from you.

### **How We Charge for Brokerage Services**

If you choose to establish a brokerage account with us, you may elect to:

- Pay us for our brokerage services each time we execute a transaction for your account in a Resource Management Account® (RMA®). If you choose to pay on a transaction-by-transaction basis, we can act as either your agent or “broker,” or as a “dealer.”
- When acting as your agent or broker, we will charge a commission to you each time we buy or sell a security for you.
- When acting as a “dealer,” we act as a principal for our own account on the other side of a transaction from you. Using our own inventory, we will buy a security from or sell a security to you, and seek to make a profit on the trade by charging you a “mark up,” “mark-down” or “spread” on the price of the security in addition to the commissions you pay on these transactions.

We pay our Financial Advisors a portion of commissions, profits on principal trades, and other charges.

### **Our Responsibilities to You as a Broker-Dealer**

As a broker-dealer we are subject to the following:

- The Securities Exchange Act of 1934
- The Securities Act of 1933
- The rules of the Financial Industry Regulatory Authority (FINRA)
- The rules of the New York Stock Exchange
- State laws, where applicable

These laws and regulatory agencies have established certain standards for broker-dealers which include:

- A duty to deal fairly with you. Consistent with our duty of fairness, we must ensure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions and that the commissions and other fees we charge you are not excessive.
- We must have a reasonable basis for believing that any securities recommendations we make to you are suitable and appropriate for you, given your individual financial circumstances, needs and goals.
- We are permitted to trade with you for our own account or for an affiliate or another client and may earn a profit on those trades. When we engage in these trades, we disclose the capacity in which we acted on your confirmation, though we are not required to communicate this or obtain your consent in advance, or to inform you of the profit earned on the trades.

**It is important to note that when we act as your broker-dealer, we do not enter into a fiduciary relationship with you. Absent special circumstances, we are not held to the same legal standards that apply when we have a fiduciary relationship with you, as we do when providing investment advisory services. Our legal obligations to disclose detailed information to you about the nature and scope of our business, personnel, fees, conflicts between our interests and your interests and**



**other matters are more limited than when we have a fiduciary relationship with you.**

#### **ITEM 4. ADVISORY BUSINESS**

This brochure describes our UBS Retirement Plan Consulting Services Program which are fee-based investment advisory services. When providing consulting services we will acknowledge our status as a fiduciary in our Retirement Plan Consulting Services Agreement under the Investment Advisors Act of 1940 and under Section 3(21) of ERISA for the investment advice we provide to the Plan. When providing discretionary services under our Retirement Plan Consulting Services with Investment Discretion Agreement or our Retirement Plan Consulting Services with Discretionary Models Agreement, we will acknowledge those fiduciary duties, as well as our status as an Investment Manager under Section 3(38) of ERISA.

##### **A. Our Firm and Corporate Structure**

UBS Financial Services Inc. was organized as a Delaware corporation on June 30, 1969. It is a wholly owned subsidiary of UBS Americas Inc., a Delaware corporation, UBS Americas Inc. is a wholly owned subsidiary of UBS Americas Holding LLC, which in turn is a wholly owned subsidiary of UBS AG, a Swiss stock corporation. UBS Financial Services became a registered investment adviser on January 22, 1971. As of November 28, 2014, UBS AG has a new Group Holding Company, UBS Group AG, that is now the ultimate parent of UBS Financial Services Inc.

##### **B. Our Advisory Services**

RPCS is designed to provide advisory services to participant-directed defined contribution retirement plans. The ongoing advice of your RPCS Financial Advisor is one of the key components and services provided.

The RPCS Program provides advisory services to participant-directed defined contribution plans that seek assistance with services, such as the following:

- the search and selection of retirement plan program providers
- plan conversions
- fiduciary support
- plan feature reviews
- fee analysis and benchmarking
- plan program liaison
- the development and or review of an investment policy statement
- employee education and enrollment meetings
- non-discretionary asset allocation model assistance

RPCS Investment Discretion provides for RPCS Consultant discretion over the search, selection, review and replacement of investments on the plan investment menu.

RPCS Discretionary Models provides for RPCS Consultant discretion over the creation and implementation of asset allocation models to be offered by the Plan.

##### **1. Plan Program Consulting.**

We offer the following advisory services:

- **Program Provider Search.** Assist plan sponsors with service provider searches to retain third party record keepers. This service may include an analysis of your current program; development of criteria used in selecting service providers; and evaluation of proposals received from prospective service providers.

Searches may include program providers who are available through the UBS Select for Corporate Plans program ("UBS Select program") as well as program providers who are not available through the UBS Select program and which are not subject to review by UBS.

- **Conversion Assistance.** Services may include investment fund mapping and planning employee education strategies with respect to the conversion.
- **Fiduciary Support.** We can provide you with the UBS Defined Contribution Plan Fiduciary Kit, as well as periodic newsletters and/or whitepapers which address retirement plan issues for plan fiduciaries.
- **Plan Feature Review.** We can assist you in benchmarking and reviewing various plan features including determining whether they are meeting the needs of the plan and the plan participants.
- **Fee Analysis and Benchmarking.** We can assist you in conducting a benchmarking analysis of your plan's fees and at your direction will utilize data obtained from your program provider.
- **Plan Program Liaison.** We can assist you in communicating with record keepers and other third party service providers regarding plan features, investments, services and fees.
- **Additional Consulting.** As agreed between us, we may also consult with you on matters related to news and developments in the capital markets and asset classes based on information generally available from us or our affiliates, or more specifically prepared for you based on publicly available information.

## **2. Investment Consulting.**

- **Investment Policy Statement ("IPS") Assistance.** We can assist you in the development and preparation of an Investment Policy Statement. The IPS describes your overall investment objectives and guidelines and outlines the criteria utilized to review the investments offered in the plan. We will review your IPS with you periodically during our engagement. Certain minimum investment selection and review criteria will be required in order to receive Discretionary Program services.
- **Investment Searches.** We will identify investment funds consistent with your IPS criteria and which are offered by the Firm or for which the Firm has conducted a review. In determining which share classes of an investment fund to identify, we will consider the limitations of the plans record-keeper platform and/or custodian and the plan fiduciary's direction regarding plan expenses.
- **Investment Reviews, Evaluation and Reporting.** We can provide a review of mutual funds, ETFs and other Eligible Investments held within your plan and assist you in evaluating the type and number of investments offered to plan participants. Our review may include graphic and tabular presentations of performance, and risk/return analyses. When evaluating the performance of the funds available to the plan, we will review the funds' performance and not the specific investment performance of plan participant accounts.

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## **3. Employee Education Consulting.**

We will review the Plan's current program and recommend strategies for improving participation and education. We can work with your program provider to implement these strategies and to deliver materials. We can provide general investment education, which may include educational newsletters, seminars and other materials which have been reviewed and approved for use by our Firm. Any material provided is intended to help the recipients understand financial topics including investing, saving for retirement, distribution planning and retirement planning and transition. Topics are generic in nature and do not contain recommendations to invest in a particular security.

Where requested, employee education seminars can be the only service provided under our contract. Under those circumstances, we may charge a flat fee by day or by seminar as provided in the contract for services. The seminar subjects offered cover topics such as investing, saving for retirement,

distribution planning and retirement planning and transition. Additional seminar subjects may be offered if available. Seminars offered are generic in nature and do not contain recommendations to invest in any particular security or strategy. The seminars we provide to you may include information obtained from third-party sources. Any information we provide to you that has been obtained, computed, formatted or displayed by outside sources is believed accurate, but the third-party information has not been independently verified and we cannot guarantee its accuracy or validity.

**4. Additional Investment Consulting Services.** The below services, which are offered by a limited number of senior Retirement Plan Consultants, are available only to clients who meet eligibility requirements.

- **Discretionary Investment Selection and Replacement (investment menu discretion).** If you select our RPCS with Investment Discretion services, we will exercise full discretion over plan investment menu decisions and direct the plan record-keeper to implement plan investment menu changes. Upon your delegation of authority to us by executing the RPCS with Discretionary Services Program Services Agreement, we will exercise investment discretion over the search, selection, review and replacement of investments on the plan investment menu. We will exercise discretion in a manner reasonably consistent with your IPS, including any reasonable restrictions you may impose. Our searches and selections of investments are limited only to those which are offered by the Firm or for which a review has been conducted. Your execution of the RPCS with Investment Discretion Services Agreement authorizes the Firm to take any actions necessary to implement changes to the plan investment menu. However, where the plan record-keeper will not take a direction from the Firm, we will require that you review, complete and execute agreements, documents, and forms necessary to implement plan investment menu changes. Failure to implement plan investment menu changes will result in termination of the RPCS with Investment Discretion Services Agreement. If your plan includes investments which are not offered by the Firm and which the Firm has not otherwise reviewed, we will require that such investments be sold, redeemed or replaced within a reasonable time frame. With respect to such investments, we will not assume any fiduciary duty during the time they are part of the plan investment menu or in the course of effecting their sale, redemption or replacement. Until such time as those investments can be sold, redeemed or replaced, such investments will be included in periodic investment reviews of the investment options offered under the plan and in the calculation of the RPCS Program fee, described below.
  - Your signature on the RPCS with Investment Discretion Services Agreement appoints UBS as Investment Manager as defined in Section 3(38) of ERISA and authorizes your RPCS Consultant to make, and direct the plan record-keeper to implement changes to the plan investment menu without obtaining your approval in advance. Once the plan is receiving services under the RPCS with Investment Discretion, you can no longer make changes to the plan investment menu. In addition to discretionary investment consulting services, you may receive non-discretionary plan consulting, employee education and other administrative consulting services.
- **Non-discretionary Model Portfolio Service.** We can provide risk-based asset allocation advice using six strategic risk-based model portfolios ("Risk Based Models") established by UBS's Wealth Management Americas Asset Allocation Committee (the "WMA AAC") and can identify those investment funds offered on the plan investment menu that are consistent with the asset class components of each of the Risk-Based Model Portfolios. Changes made by WMA AAC to the Model Portfolios will be communicated to you within a reasonable time period however no more frequently than once per calendar quarter. You may request that UBS provide education to plan participants in regard to the Risk-Based Model Portfolios and risk tolerance through various approved educational pieces, however any such education will not constitute UBS either providing investment advice to participants, exercising discretion, or expanding its fiduciary responsibilities.
- **Discretionary Model Portfolio Services.** We offer discretionary services for the Risk Based Model Portfolio services described above and for target date model portfolios ("Target Date Models") (collectively "Model Portfolios"). There are three target date asset allocation models established by WMA AAC, which are available at the plan level: conservative, moderate, and aggressive. Each of

those Target Date Models consist of glidepaths that define asset allocations in 5 year increments which become more conservative as the model approaches the target retirement year. Your financial advisor will work with you to help identify the most appropriate plan-level Target Date Model; however, that ultimately remains a Plan Fiduciary decision. You may also decide to incorporate certain investments in the Target Date Models that are not otherwise available to participants outside of the Target Date Models. If you do so, your recordkeeper must have the ability to keep those investments from being selected by participants outside of the Target Date Models.

If you delegate authority to us by executing the RPCS Agreement with Discretionary Models (risk-based or target date), we will exercise discretion with regard to the creation and implementation of asset allocation models, the selection of funds from the investment menu to be included, removed or replaced in the Model Portfolios, and the implementation of the Model Portfolios by the recordkeeper. We will also review and evaluate the investment results of the asset allocation models at least on a quarterly basis. Your execution of the RPCS with Discretionary Models Services Agreement (risk-based or target date) authorizes the Firm to take any actions necessary to implement the Model Portfolios. Where the Plan's recordkeeper will not take direction from the Firm, we will require you to take action necessary to implement the Model Portfolios. Failure to implement the Model Portfolios will result in termination of the Model Portfolio services. Only researched or otherwise reviewed investments can be part of the Discretionary Model Portfolios. Other than employer stock, mutual funds or investments, participant loans and self-directed brokerage accounts, all plan investments that are not researched or reviewed must be sold, redeemed or replaced within a reasonable time frame of the effective date of the RPCS Discretionary Models Agreement (risk-based or target date). We will not assume any fiduciary duty during the time such investments are part of the plan investment menu or in the course of effecting their sale, redemption or replacement although they will be included in periodic investment reviews of the plan investment menu and in the calculation of the RPCS Program fee, described below. We will communicate investment decisions to the fiduciary named in the RPCS Discretionary Models Agreement, who will be responsible for the provision of all required participant notices, disclosures and communications.

- Your signature on the RPCS with Discretionary Models Services Agreement appoints UBS as Investment Manager as defined in Section 3(38) of ERISA and authorizes your RPCS Consultant to make, and direct the plan record-keeper to implement the Discretionary Model Portfolios without obtaining your approval in advance. In addition to discretionary models services, you may receive non-discretionary plan consulting, employee education and other administrative consulting services.

## **5. Limitations on Our Services.**

- **Investment Searches:** While we can identify investment funds from an extensive list of options, our investment searches are limited to those which are offered by the Firm or for which a review has been conducted and are available on the plan record keeper platform. Our investment searches therefore do not include every investment option available in the industry.
- **Affiliated/Proprietary Products:** Our investment searches will not include UBS affiliated/proprietary mutual or sub advised funds. Inclusion of affiliated or proprietary mutual or sub advised funds in our investment searches raises a conflict of interest as purchasing those funds will result in increased compensation to UBS and/or a member of the UBS organization. If the plan investment menu includes a UBS affiliated mutual or sub advised fund prior to entering into the RPCS Agreement the plan will be required to sell, redeem or replace, such investment. You understand the conflicts of interest associated with holding those funds while you are in a RPCS Program relationship with us and that we will exclude the value of the plan's investments in any UBS affiliated/proprietary fund when calculating the RPCS program Fee.
- **Employer Securities:** Our services do not include a review of the performance or recommendations regarding whether a plan should offer or continue to offer employer securities as an investment option under the plan. If our fees are based on the value of the assets in your plan, we will not include the value of the employer securities when we calculate the RPCS Program Fee.

- **Model Portfolio Service:** When discretionary Target Date Model Portfolio Services are provided, you are responsible for selecting the most appropriate target date asset allocation model for your plan. UBS is not responsible for moving plan participants along the glidepath of the Target Date Model you choose for your plan. Generally, the plan recordkeeper is in the best position to move the plan participants along the glidepath. When non-discretionary Risk-Based Model Portfolio Services are provided, you are responsible for the final choice of funds to populate each component of the Model Portfolios which you can then make available to plan participants. Our non-discretionary services do not include ensuring that Model Portfolios can be implemented on the plan recordkeeping platform. UBS may assist in determining the capabilities of your record-keeper; however you are responsible for ensuring that Model Portfolios are implemented, updated and offered to participants in a manner that is consistent with your overall goals and objectives. Performance reporting for the non-discretionary UBS Model Portfolios, including model performance comprised of the fund performance within the model, must be provided by your record keeper. We do not rebalance Model Portfolios used by participants. It is the responsibility of plan participants using the Model Portfolios to elect to rebalance to the extent the record-keeper is able to rebalance.
- **We do not provide legal, tax or actuarial advice:** We will not be responsible for ensuring that your investment policy statement or plan document complies with ERISA, state or local laws, or other regulations or other requirements that apply to you. That responsibility rests solely with you, and you should consult with your legal and tax advisors regarding those matters.
- **Third-Party Information:** In connection with the provision of our services we rely on third-party information, including information received where assets are held at other institutions. We obtain this information from publicly available sources or from your plan program providers. While we believe the information and reports obtained from external sources are accurate, we do not independently verify or guarantee the information presented or its accuracy.

## **6. Termination.**

Plan fiduciaries may terminate RPCS services within five business days of executing the RPCS Program Services Agreement and receive a full refund of all fees paid to us. Thereafter, unless otherwise agreed, either we or you may terminate the RPCS Agreement by written notice, and termination will become effective upon receipt of the notice. Upon termination, we will have no further obligation to act or advise the plan or the plan fiduciaries with respect to the plan assets. Note that termination of the RPCS Program Services Agreement will end our investment advisory fiduciary relationship with the plan as it pertains to the plan assets covered by the RPCS Program Services Agreement.

## **7. Other Investment Advisory Services.**

We offer other advisory services not described in this brochure. We do not hold ourselves out as specializing in a particular type of advisory service or strategy. Instead, our advisory programs and services offer a broad variety of strategies, investment options and asset allocations and features. If you would like more information please ask your Financial Advisor for the Form ADV Disclosure Brochure for those programs and services.

## **8. Qualifications of Financial Advisors Who Provide RPCS Advisory Services.**

Most of our Financial Advisors are registered as broker-dealer and investment adviser representatives. Financial Advisors, who provide RPCS advisory services are generally required to have at least three years of industry experience, meet certain client asset thresholds at UBS and complete education requirements. These education requirements may include (1) the Chartered Retirement Plans Specialist<sup>SM4</sup> designation from the College for Financial Planning; and (2) Essentials of Investment Consulting from the Investment Management Consultants Association. Waivers of the education requirements are granted for Financial

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<sup>4</sup> Individuals who hold the CRPS® designation have completed a course of study encompassing design, installation, maintenance and administration of retirement plans. Additionally, individuals must pass an end-of-year course examination that tests their ability to synthesize complex concepts and apply theoretical concepts to real-life situations.

Advisors who hold similar designation and training experience. The timeframe to meet the requirements may be extended under certain circumstances including recruitment situations.

When you enter into a RPCS Program Services Agreement, we will provide to you a Form ADV Brochure Supplement for your Financial Advisor(s). The Brochure Supplement includes information regarding your Financial Advisor's education, business experience, disciplinary history, outside business activities, their compensation and supervision. You may also obtain information about your Financial Advisor, their licenses, educational background, employment history, and if they have had any problems with regulators or received serious complaints from investors through the FINRA BrokerCheck service available from FINRA at <http://www.finra.org>, or from the Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You can also contact your state securities regulator through the North American Securities Administrators Association's website at <http://www.nasaa.org> and request information about our firm and your Financial Advisor.

### **C. How We Tailor Our Advisory Services**

Our RPCS advisory services are customized to the needs of the plan based on the information you provide and are tailored to your specific investment objectives, goals and circumstances in various ways, including the following:

- Search of a plan provider is customized based on the complexity of the services requested and the needs of the plan participants and fiduciaries.
- Investment Policy Statement Assistance. We will work with you to identify and review the criteria which will be used to select and monitor investments based on the needs and preferences of the plan fiduciaries.
- Model Portfolios. UBS will identify which of the plan's existing investment options are consistent with the components of the asset allocation models provided. You may then make these customized asset allocation models available to participants.
- Investment reviews we provide can be customized to meet your particular needs and goals. You and your financial advisor can determine which types of analysis to include in your reports.

### **D. Provision of Portfolio Management Services in Wrap Fee Programs**

Our RPCS Program does not include the participation in or offering of portfolio management services in wrap fee programs.

We provide our own portfolio management services, and in some programs our Financial Advisors act as discretionary portfolio managers in the wrap fee programs we sponsor. We receive a wrap fee for those services and share a portion of that fee with Financial Advisors who participate in the wrap programs. Details of the programs are available in our Wrap Fee Disclosure Brochure which is available from your Financial Advisor.

Our activities as portfolio manager and sponsor of wrap fee programs are separate from our RPCS Program services.

### **E. Assets Under Management**

Our assets under management as of December 31, 2014 are listed below. These figures include asset values for DVP accounts as of 12/31/14 (where data is available), but excludes assets in separately managed accounts for which we do not have the authority to hire and fire managers. Although this information does not apply to our RPCS Program Consulting Services, it provides you additional background regarding our activities as an investment adviser.

• Non-discretionary Programs:	<b>205,502,703,244</b>
• Discretionary Programs:	<b>152,750,745,875</b>
Total:	<b>358,253,449,119</b>

## ITEM 5. FEES AND COMPENSATION

### A. RPCS Program Fees

The fee that you pay for RPCS program services is negotiable, may be expressed as a flat fee for services or as a percentage of plan assets, may be for a specific project or for ongoing services, covers the specific services agreed to in your RPCS Agreement and at our sole discretion, may be waived, and may differ from client to client based on a number of factors which include, but are not limited to:

- type and size of the plan
- the number of plans for the client
- the number and type of services selected
- the scope of the engagement
- the complexity of the services provided and preferences of the plan fiduciaries
- the expected frequency with which services may be needed
- the nature and amount of client assets involved

Fees, as well as other requirements, may vary as a result of the application of prior policies depending upon when you engaged us to provide advisory services. We may customize the fee structure so that some services may be obtained under one payment option and other services under a different option.

**Fee Schedule:** Our fees in the RPCS Program are negotiable based on the services selected and, if ongoing services are being provided, are expressed as an annual rate. The minimum annual fee is \$5,000. The maximum annual fee is 2.00% based on the amount of eligible plan assets. Notwithstanding the foregoing, start-up plans seeking ongoing services are subject to a flat dollar fee no greater than \$20,000. Plans will be considered start-ups where they have total billable plan assets of \$0 to \$1,000,000.

### B. Billing Practices

The billing process described below is subject to change upon prior written notice to you.

**Valuation and Billing:** We rely on the value of the plan's assets provided by the plan's custodian or program provider for purposes of determining or calculating the RPCS Program fees. We do not review or verify the valuation information provided to us.

Generally, RPCS Program fees are billed in arrears on a calendar quarter basis. If the fee is based on the percentage of assets, the fees are calculated based on the asset value of the account at the end of the preceding quarter and prorated for the number of days in the quarter. If the fee is an annual flat dollar amount we will bill you in four equal amounts. The first fee will be prorated from the date that your RPCS Agreement is effective or as otherwise agreed.

Fees for projects including plan program consulting and additional consulting services will be billed for half of our total fee once we have executed the RPCS Agreement and the remainder of our fee will be billed once we complete the agreed upon services.

We will exclude, and advise your plan program provider to exclude, the following from the value of the plan assets for purposes of calculating our fees:

- the value of the plan's investments in any UBS affiliated/proprietary fund,
- the value of investments which are not eligible for the RPCS Program,

- the value of the employer securities,
- the value of any self-directed brokerage accounts, and
- the value of participation loans.

We can invoice you for our services. We will not bill the custodian or program provider directly for our fees. Depending on the plan's program provider, the plan fiduciaries may be able to direct the plan provider to automatically calculate and pay our fees from the assets of, or generated by, the plan. In those situations in which your program provider automatically calculates and remits the program fees to us, we will provide you with an annual statement, rather than an invoice, with details on the amount of fees we have received. We will not accept 12b-1 fees, transaction based compensation, finder's fees or other revenue directly from the investments offered in the plan.

Our ability to charge a fee less than the maximum or minimum or waive the fee may result in one client paying for the same set of services provided to another client at a lower fee or free of charge. We may also discount fees for clients purchasing multiple services or in connection with sales promotions or marketing campaigns.

We may customize the fee structure so that some services may be obtained under one payment option and other services under a different option.

**Potential Conflicts of Interest.** As is the case with all our Financial Advisors who are duly licensed to conduct advisory business, RPCS Financial Advisors (in their capacity as brokers/Financial Advisors) can provide clients with brokerage services outside of RPCS. Since services similar to those available in RPCS may also be available to you through our brokerage services, your RPCS Financial Advisor have an incentive to recommend to you the RPCS services, which may result in increased compensation to them. Depending on the services you select, you may find that variations of the individual RPCS services are available to you outside of RPCS and may be available for more or less than you would pay in the program. **Please discuss our various product offerings, their features and costs with your Financial Advisor.**

You should consider these factors carefully before participating or engaging in the RPCS program for a fee.

### **C. Fees/Other Charges Not Covered by Your RPCS Program Fee**

The fee you pay covers only our advice and services provided in the RPCS program. The RPCS Program Fee does not cover:

- any other services, accounts or products we provide to you,
- transaction based charges or commissions, account maintenance fees or other charges you may incur in implementing our advice,
- custody fees imposed by other financial institutions,
- fees for recordkeeping, trust and plan administration charges,
- precious metals custody fees imposed by affiliates, or other financial institutions,
- mark-ups/mark-downs on principal transactions with us or other broker-dealers,
- internal trust fees,
- costs relating to trading in foreign securities (other than commissions otherwise payable to us),
- internal administrative, management, redemption and performance fees that may be imposed by collective investment vehicles such as open-end and closed-end mutual funds, UITs, hedge funds and other alternative investments, exchange-traded funds or real estate investment trusts,



- redemption fees for active trading imposed by mutual fund sponsors, and
- other specialized charges, such as transfer taxes, and fees we charge to customers to off-set fees we pay to exchanges and/or regulatory agencies on certain transactions.

**Please review the applicable prospectus and offering documents for the investment vehicles we offer carefully for a detailed description of the additional fees associated with such investments.**

#### **D. Refund of Fee Paid**

Clients may cancel the RPCS Program Agreement and receive a full refund of fees paid by contacting their Financial Advisor within five (5) business days from the date the Agreement is accepted by us. After that period, the fee is non-refundable.

#### **E. Compensation to Financial Advisors for Providing RPCS Services**

As with other UBS advisory programs, if you obtain services through the RPCS Program, a portion of the fees you pay to us in connection with this program are allocated on an on-going basis to your Financial Advisor. In general, we pay our Financial Advisors a percentage (called a payout or grid rate) of the product-related revenue, that each Financial Advisor generates from the clients he or she serves, minus certain adjustments that are specified in our Financial Advisor Compensation Plan. The payout rate is generally determined according to an established schedule and ranges from 28% to 45%, but may be reduced or eliminated in certain circumstances such as those described below.

Brokerage Accounts: Generally, for stocks and option transactions, the payout is adjusted downward to account for a ticket adjustment ranging from \$0 to \$24. In general, Financial Advisors generally earn more for products sold in initial offerings than for those purchased and sold in secondary offerings.

Investment Advisory Programs: For asset-based programs, the payout rate is applied to the program fees credited to the Financial Advisor by the Firm but may be lower for accounts priced below certain thresholds. However, the payout rate for Financial Advisors that previously met new qualified contract or revenue thresholds for RPCS business is higher and ranges from 28% to 48% on overall RPCS business production credited to the financial advisor by UBS-FS.

We reduce or terminate the above payouts to Financial Advisors in connection with accounts they service that do not meet certain prescribed asset levels on a household basis, for transactions or fees below specified amounts, or overall production below specified thresholds.

Under certain circumstances (e.g., acquisitions and recruitment; or particular programs or designations, such as Wealth Advice Center, Wealth Planning Analyst, Institutional Consulting ("IC"), Outsourced Chief Investment Officer ("OCIO"), and Retirement Plan Consulting Services), some Financial Advisors or producing Branch Office Managers are compensated differently.

Financial Advisors are generally eligible to qualify for various awards. These awards and recognition programs are based on a variety of factors, including revenue, product mix, length of service at the firm and net new assets brought to the firm by the Financial Advisor, or for fulfilling other strategic goals determined by the firm. These awards are subject to various caps and deferrals. However, certain defined contribution plan recordkeeping providers utilized by RPCS Program clients may be unable to provide net new asset data to UBS and these assets will not be included for awards. Financial Advisors in the RPCS Program may also qualify for New Consulting Awards of 6% applied to overall RPCS/IC/OCIO production if they sign 5 or more net new qualified contracts or 4% applied to overall RPCS/IC/OCIO production if they sign 1 to 4 gross new qualified contracts. We may reduce or deny any such awards for any reason at our discretion.

The payment structure of the awards generally consists of deferred cash awards, restricted equity/notional shares and amounts deferred into one or more deferred compensation plans, or some combination thereof. In limited instances, awards may be paid in cash.

**The percentage of firm revenues credited to Financial Advisors in the RPCS Program may be higher than the percentage of firm revenues credited on most other products and services, including other advisory programs and the compensation they would receive if you paid separately for advice, brokerage and other services.** The compensation structure creates financial incentives for Financial Advisors to encourage clients to purchase multiple products and services or to choose a method of payment for products and services that generates compensation in excess of that for other products.

We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors and employees, including reducing and/or denying production payout and/or awards at our discretion for any reason.

## **ITEM 6. PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

Our advisory services in the RPCS Program do not impose performance fees.

## **ITEM 7. TYPES OF CLIENTS**

### **A. Type of Clients**

The RPCS Program is designed to provide advisory services to sponsors of participant-directed defined contribution retirement plans.

### **B. Requirements for Participation in the RPCS Program**

#### **1. Minimum Asset Requirement.**

The minimum asset requirement for participation in the RPCS Discretionary Programs is \$10 million in billable plan assets. There is no minimum asset requirement for participation in non-discretionary RPCS services.

#### **2. Custody and Other Account Services.**

Plans in the RPCS Program may not implement our advice or investment recommendations through UBS. All trading and custody activity must be conducted through other firms.

#### **3. Plan Information.**

Our RPCS Program Services are based upon the information and selection criteria you provide to us including plan goals, risk tolerance, and objectives. We rely on this information in providing our advisory services, so we require you to review the information and notify us promptly if there are any discrepancies or if your objectives have changed. You agree to review this information and provide us with updates as necessary or any material change in your circumstances which may affect our services and investment recommendations.

You are responsible for providing us with a current address for both the plan and fiduciaries of the plan. If we are unable to invoice the plan fiduciaries by mail, we will be required to terminate the relationship from the RPCS Program.

#### **4. RPCS Program Agreement.**

As a RPCS client, the plan fiduciaries will enter into a written agreement with us. The agreement will identify the service you selected, the fees charged, and our respective rights and obligations under the agreement. The agreement to participate in RPCS will not be effective until accepted by an authorized member of RPCS Program Management.

#### **5. Investments.**

Except for providing assistance in the selection of funds for inclusion in a plan's investment menu, or the actual selection of funds when exercising investment menu discretion our RPCS services do not include the recommendation or solicitation of any other types of securities. Also, we do not advise plan participants regarding their investment options in the plan.

## **6. Broker of Record.**

Neither UBS nor any of our Financial Advisors may be listed as broker of record for any of the mutual funds you select for your plan platform. The plan's record-keeper must confirm in writing that neither UBS nor any of its Financial Advisors are listed as broker of record for the plan's investments.

## **7. Reliance of Plan Fiduciaries and Limits of RPCS Advisory Responsibility.**

In making the services described in this brochure available to the Plan and the plan fiduciaries, we rely on the information provided to us by the plan fiduciaries. This means that:

- it is the responsibility of the plan fiduciaries to provide us with all material and pertinent information as well as any other relevant information that we may request from time to time.
- we will rely on the information provided to us by the plan fiduciaries without further verification.
- the plan fiduciaries should notify us promptly of any material changes in the financial condition, risk tolerance, needs or objectives of the plan.

### **As it pertains to our services:**

- Other than discretionary investment menu services and discretionary models services, RPCS services are recommendations, are not binding on the plan, and the plan fiduciaries retain absolute discretion over, and responsibility for, the implementation of any RPCS Consultant recommendation.
- RPCS is not a portfolio management program. Neither we nor our Financial Advisors:
  - manage the plan's assets or exercise any investment discretion or control over the plan's assets, except as specifically provided for in the RPCS Program Services Agreement.
  - assume any responsibility or liability for the conduct or investment performance, either historical or prospective, of any investment fund suggested by a RPCS Consultant and selected by the plan fiduciaries,
  - provide any tax, legal, accounting or actuarial advice or prepare any legal, accounting or actuarial document.

## **8. Implementing Our Advice.**

It is your responsibility to determine if, and how, the advice we provide to you in the Program should be implemented or otherwise followed. You should carefully consider all relevant factors in making these decisions, and we encourage you to consult with your legal counsel and/or accountant or tax professional regarding the legal or tax implications of a particular recommendation.

## **9. Electronic delivery of documents.**

To the extent permissible by applicable law, we may, with your prior consent, deliver trade confirmations, Form ADV Disclosure brochures, performance monitors, prospectuses, offering documents and other documents and notices related to your accounts, trades and relationship with us via electronic format. UBS offers certain communications through electronic delivery. Examples include: statements, trade confirmations and notices; shareholder communications, including fund reports, prospectuses and proxies; all account documents related to Investment Advisory Accounts and fee-based financial planning services;

quarterly performance reports; tax reporting documents; Client and account information documents; other firm documents that may be available now or in the future.

Documents related to Advisory Accounts will be delivered electronically when you enroll in electronic delivery of Shareholder Communications. The documents related to Investment Advisory Accounts include Form ADV disclosure brochures, manager profiles, asset allocations, performance reports, and other disclosures, reports and notices related to advisory accounts. These reports and notices contain information relating to your accounts and investments, such as account attributes, account profile, investment elections and preferences, investment strategy and fees. We may deliver documents relating to Investment Advisory Accounts as a link to a UBS website or as an attachment to an email. When sending attachments to emails, for your protection, we will exclude and/or mask certain personal information such as name, address, and account number. We may also include important notices, disclosures and updates relating to your investment Advisory Accounts in or with your monthly account statements or quarterly performance reports.

By signing the Advisory Relationship Agreement you confirm that 1) your Electronic Delivery elections apply to your Investment Advisory Accounts, and 2) your enrollment in electronic delivery of Shareholder Communications authorizes UBS Financial Services Inc. to electronically deliver all reports, disclosures and notices related to your Investment Advisory accounts. Based on that authority, we will automatically enroll you in electronic delivery for your Investment Advisory accounts if you select the electronic delivery of Shareholder Communication option in your brokerage account agreement. **If you are enrolled in UBS Online Services, you may change your delivery preferences at any time by logging into UBS Online Services at: <http://www.ubs.com/edelivery>. You may also change your delivery preferences by contacting your Financial Advisor.**

Mutual Fund Prospectus(es): When a new prospectus is available, we will send you an e-mail notification to the e-mail address you have provided to us. The e-mail will include a link that will take you directly to where the prospectus can be viewed and downloaded. Prospectuses contain important information regarding your investments. We recommend that you read them carefully and consider investment objectives, risks, charges and expenses before investing, and maintain them in your files for future reference. If you have any questions, please contact your Financial Advisor. If your e-mail address becomes outdated or we receive messages that a prospectus sent to you is not deliverable to the e-mail address you provided, we will send the document to you via regular mail.

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

All investments carry the risk of loss. Please review the documents, profiles and investment proposals we provide to you for a description of the specific risks associated with the funds selected. Please see the end of this section for risks associated with investments offered in the RPCS Program.

### **A. Our Performance Monitoring and Evaluation Reports and Investment Search Services**

We may provide you with performance monitoring and evaluations generated by UBS, UBS affiliates, or third parties. Our investment search services help you evaluate mutual, exchange traded, stable value and collective funds. Our investment searches are limited to those which are offered by the Firm or for which the Firm has conducted a review and are available on the plans record keeper platform.

### **B. Information Provided to You**

We may provide information from third party or proprietary databases regarding different mutual, exchange traded, stable value and collective funds. We do not verify or guarantee this information, including past performance information, which may not be calculated on a uniform or consistent basis.

We may make available descriptive profiles of selected funds that include past performance information.

Profiles are not available for every fund identified in our search services.

**As with other investments, past performance does not guarantee or indicate future results.**

### **C. Risks Associated with Certain Investments in the RPCS Program**

This section is not intended to enumerate all the risks associated with these investments.

- **Mutual Funds and Exchange Traded Funds (ETF)**

Mutual funds and exchange traded funds are sold by prospectus. To determine whether a particular investment is an appropriate investment for you, carefully consider the important information on the investment objectives, risks, charges and expenses. Please read the prospectus and offering documents carefully before you invest. Your Financial Advisor can provide a copy of the prospectus. You should be aware that the return and principal value of the Fund and ETF will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. We recommend that you read these documents carefully and consider investment objectives, risks, charges and expense before investing and maintain them in your files for future reference. If you have any questions, please contact your Financial Advisor.

Shareholders of these investments pay fees to the service providers of the funds, for example, management and administrative fees. The actual returns of your investment will be reduced by those fees and expenses.

There are risks involved with investing, including possible loss of principal. There is no guarantee that the investments will appreciate during the time that you hold them and some or all may depreciate in price. The risks for each investment will vary depending on the investment objective and underlying investments of each mutual fund and ETF. The prospectus lists the applicable risks. Please review those risks carefully before investing.

- **Exchange Traded Funds**

When you purchase an ETF share, you purchase an interest in an underlying basket of securities, designed to obtain investment results that correspond generally to price and yield performance of a particular index of securities, such as the S&P 500. There is no assurance that the ETF investments will match the index it aims to replicate. Investors in ETFs are subject to different risks than investors in mutual funds, as some of these instruments do not issue and redeem shares on a continuous basis. As a result, these securities may not be as liquid as open-end mutual funds. The price of these securities trading on an exchange can move independently of, and at a discount to, the net asset value (NAV) of securities comprising the fund's portfolio.

- **Collective Investment Trusts or Funds**

A collective trust fund is not open to individual investors. The strategies may be speculative and involve significant risk. Unlike a mutual fund, the only way that an investor can gain access to a collective trust fund is through a retirement plan such as a 401(k) plan. Additionally, regulation of mutual funds and collective trust funds varies. For instance, the mutual fund industry is governed by the Securities and Exchange Commission (SEC). Mutual funds lay out an investment strategy in legal documents that are filed with financial regulators in a region so investors are aware of the risks and rewards that are likely with a fund.

Managers of collective funds are not regulated by the SEC. Instead, these investment advisers adhere to less stringent guidelines and are overseen by the U.S. Office of the Comptroller of the Currency or by a state banking authority. As a result of less stringent governance, managers of collective funds have to disclose fund performance and the components of a portfolio only once a year, although most collective fund managers communicate performance to investors on a more frequent basis.

- **Stable Value Funds**

The objective of most stable value funds is to provide safety of principal and an investment return that is

generally higher than a money market return, while providing participants the ability to withdraw their assets for ordinary transactions at book rather than market value. You understand, however, that the ability to withdraw stable value assets at book value has limitations based on the insurance contracts that wrap the underlying assets. In addition, most stable value funds require a hold period before assets can be withdrawn from the fund by the plan sponsor at book value and may refuse to honor book value withdrawals after communications from a plan sponsor or plan fiduciaries that it determines caused participants' withdrawals. Additionally, the plan is often restricted from offering investment alternatives or plans that are viewed as competitive with the stable value offering. Finally, you understand that stable value funds are subject to counterparty risk of the insurers that provide the fund's book value liquidity.

## **ITEM 9. ADDITIONAL INFORMATION.**

### **A. Executive Officers and Board of Directors**

- **Thomas C. Naratil** is President of UBS Group Americas and UBS Wealth Management Americas, (WMA), Chairman of the Board of UBS Americas Inc., UBS Financial Services Inc. and UBS Americas Holding LLC, and a member of the Group Executive Board of UBS Group AG. UBS WMA comprises the registered broker-dealer, UBS Financial Services Inc., as well as UBS Bank USA and the Private Banking operation. As regional President, he brings together the firm's resources, talent and capabilities to benefit UBS's clients in the Americas.
- **William T. Carroll** is a Managing Director and Head of Wealth Management Advisor Group West of WMA.
- **Jason R. Chandler** is the Group Managing Director and Head of Wealth Management Advisor Group East of WMA and a member of the Board of UBS FS.
- **Amy E. Fainsbert** is a Managing Director and the Chief Financial Officer of UBS FS and is a member of the Board of UBS FS.
- **Paul M. Hatch** is a Group Managing Director and the Head of Wealth Management Advice and Solutions.
- **Brian P. Hull** is a Group Managing Director and the Head of the Client Advisory Group of WMA. He is the President of UBS Financial Services Inc. and a member of its Board of Directors. He is Vice Chairman of Wealth Management Americas.
- **Kathleen Lynch** is the Chief Operating Officer for UBS Group Americas and WMA and is a member of the Board of UBS FS.
- **Michael McGovern** is the Chief Financial Officer UBS Group Americas and WMA and a member of the Board of UBS FS.
- **John J. McDermott** is Head of Compliance and Operations Risk Control for UBS Group Americas and WMA and a member of the Board of UBS FS.

### **CIO Wealth Management Research Americas**

- **Mike Ryan** is a Managing Director, Regional Chief Investment Officer for the US and Head of CIO Wealth Management Research for UBS Wealth Management Americas, which comprises the registered broker-dealer, UBSFS, as well as the Private Banking operation.

### **Management for the Investment Advisory Products Covered in this Brochure**

- **Jim Hausmann** is a Managing Director and Head of the Corporate Solutions and Retirement Services Business for UBS Wealth Management Americas.

- **Gene Silverman** is an Executive Director and Head of Corporate Retirement Plans.
- **Andrew Duren** is an Executive Director and Head of Institutional Consulting Administration.
- **General Counsel, Director of Compliance and Chief Compliance Officer**
- **Michael L. Crowl**, is Group Managing Director and General Counsel of UBS Wealth Management Americas, which includes the registered broker-dealers, UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico, as well as UBS Bank USA, UBS Trust Company of Puerto Rico Inc., and the Private Banking Operation which is comprised of UBS AG branches in the United States.
- **Sharyn Handelsman** is a Managing Director and Head of Compliance and Operational Risk Control for UBS Wealth Management Americas, which includes UBS Financial Services Inc., and the Private Banking Operation as well as UBS Bank USA, and UBS Trust Company of Puerto Rico Inc. Ms. Handelsman is also the Chief Compliance Officer of UBS Financial Services Inc.
- **Lisa M. Francomano** is an Executive Director, Deputy Director of Compliance and Chief Compliance Officer for UBS Financial Services advisory business.

## B. Disciplinary History

Below is a summary of the material legal and disciplinary events against UBS Financial Services Inc. during the last 10 years. As of the date of this brochure, there are no reportable legal and disciplinary events for our senior management personnel or those individuals in senior management responsible for determining the general investment advice available to our clients.

The disciplinary reporting requirements for broker-dealers and investment advisers differ in some ways, with FINRA requiring broker-dealers to report on matters (for example, pending complaints and arbitrations) which are not required to be reported by investment advisers. Since our firm operates as both broker-dealer and investment adviser we file the information as required by each entity. The information in this report is not the only resource you can consult. You can access additional information about our firm and our management personnel on the Securities and Exchange Commission's website, located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as the Financial Industry Regulatory Authority's website, [brokercheck.finra.org](http://brokercheck.finra.org).

**The RPCS program was not involved in any of the instances described below.**

**Please note that in each instance described below, the Firm entered into the various orders, consents and settlements without admitting or denying any of the allegations.**

### Disciplinary History

1 Date of Action: December 2014

Brought By: State of Vermont Department of Financial Regulation

Entity: UBS Financial Services Inc.

The firm was fined \$325,000 for inaccurate books and records, breaches of policies and procedures which prohibited the solicitation of MAC Eligible managers and failure to provide a reasonable supervisory system to prevent such breaches. The Consent Order highlights the Firm's substantial cooperation with the investigation and its enhancements to procedures which were made to prevent recurrence of these facts.

## Disciplinary History

2 Date of Action: December 2013

Brought By: FINRA

Entity: UBS Financial Services Inc.

The firm was fined a total of \$260,000 for rule breaches involving fair pricing of 5 municipal bond transactions, best execution obligations relating to 51 transactions and late reporting to TRACE of 303 trades. The breaches occurred over sporadic periods between 2008 and 2012.

Censure & Fine: \$260,000

3 Date of Action: August 2013

Brought By: North American Securities Administrators Association

Entity: UBS Financial Services Inc.

UBS employed client service associates who accepted client orders without being registered with relevant state authorities and failed to supervise those associates adequately. UBS settled the matter without admitting or denying the findings of fact. UBS agreed to enter into separate settlements with each state and the civil penalty will be divided amongst the states in individual settlement amounts.

Fine: \$4.58 million

4 Date of Action: December 12, 2012

Brought By: FSA, FINMA, CFTC

Entity: UBS AG

On 19 December 2012, UBS AG entered into settlements with the US Department of Justice (DOJ), UK Financial Services Authority, and the Commodity Futures Trading Commission (CFTC) in connection with their investigations of manipulation of LIBOR and other benchmark interest rates. The Swiss Financial Market Supervisory Authority (FINMA) also issued an order concluding its formal proceedings with respect to UBS. UBS agreed to pay a total of approximately CHF 1.4 billion in fines and disgorgement. UBS will pay GBP 160million in fines to the FSA and CHF 59million as disgorgement of estimated profits to FINMA.

FINMA: Reprimand and disgorgement of estimated profits CHF 59 million

FSA: Fine GBP 160 million

CFTC: Fine, USD 700 million

5 Date of Action: November 12, 2012

Brought By: FSA, FINMA

Entity: UBS AG London

The UBS AG London branch was fined by the FSA for (1) failure to establish and maintain systems and control appropriate to its business, and (2) failure to act with due skill, care and diligence in conducting its business. The penalties were levied in connection with an unauthorized trading incident.

Disposition: FSA Fine GBP £29.7 million

FINMA: Disposition: Reprimand; Additional measure re: business conduct and capital until effective remediation is demonstrated.

6 Date of Action: May 1, 2012

Brought By: SEC

Entity: UBS Financial Services of Puerto Rico

UBS Financial Services of Puerto Rico, a subsidiary of UBS Financial Services, settled with the SEC without admitting or denying charges regarding misrepresentations and omissions of material facts to numerous retail customers during the period 2008 and 2009 regarding the secondary market liquidity and pricing of UBS PR affiliated closed end funds. The Firm is required to retain an independent consultant to review its sales and trading policies, procedures and practices in connection with such funds. "



## Disciplinary History

Disposition and Fines: Censure \$14,000,000; Disgorgement \$11,500,000; Interest \$1,109,739

7 Date of Action: May 1, 2012

Brought By: FINRA

FINRA Rule 2010, NASD Rules 2110, 2310, 3010 -

Allegations: FINRA alleged that the Firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with NASD and FINRA rules in connection with the sale of non-traditional exchange-traded funds (ETFs) in accounts where the firm provided brokerage services to certain retail customers and the firm failed to provide adequate formal training and guidance to its registered representatives and supervisors regarding non-traditional ETFs.

Disposition: Letter of Acceptance, Waiver and Consent, Censure and Fine

Fine: 1.5 million; \$431,488 in restitution

8 Date of Action: Feb. 22, 2012

Brought By: Pennsylvania Securities Commission

Allegations: The Pennsylvania Securities Commission alleged that the Firm failed to reasonably supervise three agents in one branch office relating to the sale of certain structured products issued by Lehman Brothers to two investors and that such conduct formed a basis to sanction the Firm under Section 305 (A)(VII) of the Pennsylvania Securities Act of 1972, 70 P.S. Section 1-305(A)(VII)

Disposition: Consent to the Commission's Findings of Fact, Conclusion of Law, and Order. Administrative Assessment of \$200,000

Legal and investigation costs of \$75,000

9 Date of Action: Sept. 30, 2011

Brought By: FINRA

Allegations: FINRA alleged that during the period of November 2004 to September 2006, the Firm violated Municipal Securities Rulemaking Board Rule G-27 by failing to reasonably supervise certain cross-trading of municipal bonds by retail customers, in that the Firm lacked adequate policies and procedures to monitor this type of trading and did not conduct adequate follow-up on red flags which put it on notice that one of its registered representatives may have been exercising discretion in customer accounts to engage in unsuitable cross-trading of municipal bonds.

Acceptance, Waiver and Consent

Censure and Monetary Fine: \$300,000

10 Date of Action: August 22, 2011

Brought By: New Hampshire Bureau of Securities Regulation

Allegations: UBS sold Lehman Structured Products to clients (specifically referencing three particular investors), who were not made aware of the risks of these products and failed to inform clients of Lehman's financial condition prior to Lehman's bankruptcy. It was also alleged that the firm's recommendations to a small number of New Hampshire residents to purchase Lehman Structured Products were unsuitable.

Disposition: Consent Order

Administrative fine of \$100,000; Investigation costs of \$200,000; Administrative payment of \$700,000

11 Date of Action: May 4, 2011

Brought By: SEC, Internal Revenue Service (IRS), Dept. of Justice (DOJ), State Attorney General of 24 States

UBS AG and UBS Financial Services Inc. reached settlements with the SEC, the IRS, the DOJ and a group of State Attorneys General regarding investigations into the conduct of certain former employees in UBS Financial Services' former municipal reinvestment and derivatives group from 2001 to 2006. Allegations included violations of: Section 15(c)(1)(A) of the Securities Exchange Act of 1934, Section 1 of the Sherman Act, and IRS regulations in bidding practices and representations made involving the investment of proceeds of municipal securities transactions.

Disposition: SEC: Waiver and Consent to Final Judgment enjoining UBS from violating Section 15(c) of the Act, disgorgement of profits, interest and civil penalty; IRS: Closing Agreement; DOJ: Non-prosecution Agreement

SEC: Disgorgement of \$9,606,543 plus interest of \$5,100,637 and civil penalty of \$32,500,000; IRS: penalty of \$18 million and restitution of

## Disciplinary History

4.3 million; States: \$70.8 million plus \$20 million credited from the SEC settlement

12 Date of Action: April 11, 2011

Brought By: FINRA

Allegations: Violations of NASD Rules 2110, 2010, 2210, 2211, 2310, 3010 and IM2310- 2 with regard to Lehman Brothers Holdings Inc. 100% Principal Protection Notes ("Notes"): violated NASD Rule 2110 by making statements and omitting certain facts through communications through some financial advisors that may have misled certain customers, failed to disseminate adequately to financial advisors certain market information relating to Lehman's financial condition, violated NASD Rules 3010 and 2110 by failing to maintain and establish adequate supervisory systems in connection with marketing and sale of the Notes, violated NASD Rules 2310 and 2110 and IM-2310-2 by not adequately analyzing the suitability of sales to certain customers, and use of advertising and marketing materials and training and education materials that were not fair and balanced in violation of Rules 2210(d)(1) (A) and (B), 2211 and 2110.

Disposition: Letter of Acceptance Waiver & Consent.; Censure, Fine, and Restitution to specific classes of customers

Fine: \$2.5 million; Restitution: \$8.5 Million

13 Date of Action: Jan. 5, 2011

Brought By: FINRA

Allegations: From October 1, 2007 through December 31, 2007, the Firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to five of its customers was as favorable as possible under prevailing market conditions.

Disposition: AWC Censure, Fine

Monetary/Fine: \$30,000 Disgorgement/ Restitution

14 Date of Action: January 2011

Disposition: SIX Swiss Exchange Regulation

UBS AG was fined for (i) publishing too late internally available information related to expected losses in the summer of 2007 and (2) breaching rules on the provision of information about corporate governance in the 2008 UBS annual report.

Disposition: Fine

CHF100,000

15 Date of Action: Nov. 3, 2010

Brought By: FINRA

Allegations: Violation of NASD Rules 1021, 1031, 2110 and 3010, FINRA Rule 2010 by permitting 70 individuals to act as principals without registration, and inadequate supervisory procedures.

Disposition: Letter of Acceptance, Waiver & Consent.; Censure, Fine.; Establish supervisory procedures

Fine: \$200,000 - Test of Supervisory procedures with written report within 120 days and certification of supervisory changes and written report within 90 days

16 Date of Action: Sept. 29, 2010

Brought By: FINRA

Allegations: Violation of NASD Rules 2110, 3010(a) and 3010(b), FINRA Rule 2010 by lending customer securities to facilitate short selling without disclosing certain facts to customers and failing to adequately supervise.

Disposition: Letter of Acceptance, Waiver & Consent, Censure, Fine, Establish supervisory procedures

Fine: \$175,000

17 Date of Action: June 26, 2009

## Disciplinary History

Brought By: FINRA

Allegations: Inadequate systems/procedures, to detect patterns of unsuitable short-term trading of Closed-End Funds.

Disposition: Letter of Acceptance, Waiver & Consent, Censure & Fine

Fine: \$100,000

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18 Date of Action: February 2009

Brought By: SEC and US Department of Justice

Allegations: UBS entered into a Deferred Prosecution Agreement with the D.O.J. and a Consent Order with the SEC in connection with an investigation into the firms Cross-Border business. UBS AG agreed to disgorge profits and pay back taxes. UBS AG will terminate cross-border business serving private clients out on non SEC registered entities.

Disposition: Disgorgement (\$200,000,000 is to the SEC); Back Taxes Payment, Monetary Sanctions: \$380,000,000; \$400,000,000

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19 Date of Action: Feb. 26, 2009

Brought By: FINRA

Allegations: Violated NASD Rules 2110, 3010, 2320, 3110, 3360, 3370, 6130, 6955(A) by failing to find the best inter-dealer market, did not obtain a favorable price, did not mark short-sales as such, did not note delivery instructions. The supervisory procedures were not adequate to achieve compliance.

Disposition: Letter of Acceptance, Waiver & Consent, Censure and Fine Restitution to customer and revision of firm procedures

Fine: \$110,000; Restitution: \$2,719.65

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20 Date of Action: Jan. 9, 2009

Brought By: CFTC

Allegations: UBS FA violated Sections 6(c) and 6(d) of Commodities Exchange Act and did not file with the National Futures Association the commodity pools' annual reports in a timely manner or deliver to pool participants.

Disposition: Cease & Desist from violating Regulation 4.7(b)(3)(i) and CFR 4.7(b)(3)(i)(2008) and pay a civil penalty

Civil Penalty: \$50,000

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21 Date of Action: December 2008

Brought By: Swiss Federal Banking Commission

Allegations: The cross-border business of UBS AG private clients was investigated and the firm was required to cease operating its non-W9 relationships, and to establish an adequate risk management and control system for this business.

Disposition: Injunction

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22 Date of Action: Dec. 22, 2008

Brought By: SEC and the 50 states

Auction Rate Securities (ARS): UBS is permanently enjoined from violations of the broker/dealer anti-fraud provisions.

Allegations: Violations of 34 Act Section 15(c) regarding the marketing and sale of Auction Rate Securities.

Disposition: Cease & Desist Injunction; Civil Penalty; Consent Judgment

Cease & Desist, and Fines in varying amounts currently being paid to all 50 states out of a total fine of \$75 million

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23 Date of Action: Feb. 28, 2008

Brought By: FINRA

## Disciplinary History

Allegations: UBS effected transactions in Mutual Fund shares where other share classes were advantageous, or within the NAV transfer program, Failure to maintain supervisory procedures designed to identify NAV Programs.

Disposition: Letter of Acceptance, Waiver & Consent, Censure and Fine. Firm to undertake initiative to provide remediation to certain customers who purchased Class B or C shares or who did not receive benefit of the NAV transfer program.

Fine:\$1,000,000

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24 Date of Action: Dec. 3, 2007

Brought By: State of Missouri

Allegations: Firm failed to supervise former FA's for public seminars and recommendations to customers re: mutual fund share sales.

Disposition: Consent Order, Censure, Fine & Disgorgement

Civil : \$ 75,000; Investor Restitution: \$247,680; Disgorge: \$135,946; Investor Education: \$230,000; Cost to Investigate: \$8,584

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25 Date of Action: Oct. 24, 2007

Brought By: FINRA

Allegations: Firm did not file certain amendments to U-4's and U-5's during the period 1.1.02 to 12.31.04 and did not have adequate supervisory procedures re: late filings.

Disposition: Letter of Acceptance Waiver & Consent & Fine

Fine: \$370,000

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26 Date of Action: Oct. 2, 2007

Brought By: FINRA

Allegations: Violations of NYSE Rule 401(a) and 342 by failing to deliver prospectuses and failing to maintain supervisory and control procedures.

Disposition: Letter of Acceptance, Waiver & Consent, Censure & Fine Certification to NYSE re: policy & procedure revisions within 90 days.

Fine: \$500,000

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27 Date of Action: July 16, 2007

Brought By: Attorney General State of NY

Allegations: Non-discretionary fee-based brokerage accounts were unsuitable for certain clients and fees/commissions were higher than non-fee based accounts

Disposition: Remediation to Customers & Penalty to State of NY

Remediation: \$21,300,000; Penalty: \$2,000,000

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28 Date of Action: April 16, 2007

Brought By: State of Connecticut Department of Banking

Allegations: Failure to keep certain books & records pertaining to sub-account transfers with insurance products & failure to supervise agents re: market timing.

Fine, Financial

Literacy Initiatives, Education Initiatives

Fine: \$1,500,000; (Public School Initiative: \$1,250,000; Public College Initiative: \$1,000,000; Dept of Social Service Initiative: \$1,500,000; CT Law Enforcement: \$250,000

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. Our Business

UBS Financial Services Inc. is a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS AG ("UBS"), is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser and a futures commission merchant. Please note that registration as an investment adviser does not imply a certain level of skill or training.

As a full service broker-dealer and investment adviser, we offer our customers and investment Advisory clients a broad range of financial services and products, and we are engaged in various aspects of the securities and investment business. Our financial services include:

- Underwriting securities offerings
- Acting as a market maker in securities
- Trading for our own account
- Acting as a clearing firm for other broker-dealers
- Buying or selling securities, commodity futures contracts and other financial instruments for customers as their broker or buying them from or selling them to clients, acting as principal for our own account
- Providing investment advice and managing investment accounts or portfolios
- Acting as a commodity pool operator, futures commission merchant or commodity trading advisor and providing custodial services
- Through our affiliates, we provide clients with trust and custodial services
- We manage, sponsor and distribute registered investment companies and other public and private pooled investment vehicles, including hedge funds, whose shares or other interests are sold to clients

Currently, our principal business, in terms of its revenues and personnel, is that of a broker-dealer in securities.

### UBS Financial Services Inc. Subsidiaries & Other Affiliates

There are a number of related persons that provide investment management and other financial services and products to our investment advisory clients, which may be material to our advisory business. UBS, our subsidiaries or affiliates act in one or more capacities, including investment adviser, sub-adviser, consultant, administrator and principal underwriter (as applicable) to a number of open-end and closed-end investment companies with varying investment objectives. As a futures commission merchant, and through affiliates registered as commodity pool operators and commodity trading advisors, we or an affiliate also provide advice on commodities and commodity-related products. Certain of our subsidiaries, affiliates and related entities include the following:

- Sydling Futures Management LLC.
- UBS Financial Services Insurance Agency Inc.
- UBS Financial Services Incorporated of Puerto Rico, a separately registered broker-dealer
- UBS Insurance Agency of Puerto Rico Inc.
- Trust-related services are available through the UBS Trust Company of Puerto Rico Inc.
- UBS Credit Corp. provides loans to clients that are either unsecured or secured by securities or other financial instruments. These loans may be used to buy securities or for other purposes. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker-dealers.
- UBS Bank USA is an FDIC-insured Utah industrial bank. UBS Bank USA provides deposit services and loans to clients that are secured by securities or real estate. These loans may be used for purposes other than buying, trading or carrying securities. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker-dealers.

UBS AG (UBS Financial Services Inc.'s ultimate parent) offers investment advisory services through a variety of direct and indirect subsidiaries. These entities are separately registered investment advisors and, in some cases, registered broker-dealers and commodity-trading advisors. Their principal lines of business range from developing and distributing investment products including wrap fee products, mutual funds, closed-end funds, privately placed funds and other pooled investment products, providing investment advice to individuals, pension and other employee benefit plans, other tax-exempt organizations, insurance companies, investment companies, commingled trust funds, corporations, and other institutional investors, and serving as investment managers, administrators, distributors and/or placement agents for a number of funds, including (in the case of UBS Asset Management (US) Inc., the PACE Select

Advisors Trust and a number of UBS and UBS Asset Management-advised mutual funds. Certain of the investment advisers listed below may serve as investment manager for clients participating in our MAC, ACCESSSM program or SWP programs.

The UBS AG subsidiaries registered as investment advisers in the United States include the entities below. These companies manage the assets of, or serve as general partners or managers of registered investment companies and private investment funds that may be offered and sold to our advisory clients. Information on those investment vehicles can be found on the respective Form ADV of each affiliated advisor.

- UBS Agrivest LLC
- UBS Alternative and Quantitative Investments LLC
- UBS Fund Advisor, LLC
- UBS Asset Management (Americas) Inc.
- UBS Asset Management (UK) Ltd.
- UBS O'Connor LLC
- UBS Realty Investors LLC
- UBS Swiss Financial Advisers AG

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

### **A. Investment Adviser Code of Ethics**

The Firm maintains and enforces a written code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. The code and any subsequent amendments, are provided to all employees of the Firm and each employee is responsible for acknowledging receipt.

The code, which supplements the Firm's code of conduct, has a dual purpose:

- To set forth standards of conduct that apply to all employees of the firm, including the firm's fiduciary obligation to its clients
- To address conflicts of interest associated with the personal trading activities of a subset of employees defined as "access persons."<sup>5</sup>
- Employees are required to promptly report any suspected violation of the code. Violations of the code may result in discipline, up to and including termination. Clients or prospective clients may obtain a copy of the Investment Adviser Code of Ethics upon request.

### **B. Sources of Compensation from Third Parties**

Because the RPCS Program neither permits you to purchase or custody funds at UBS nor to list UBS or any of its Financial Advisors as broker of record for any of the investment options you select under the RPCS Program, we will only receive the RPCS fee as compensation for the services provided in this program.

In relationships that are separate and distinct from RPCS, UBS, our Financial Advisors and affiliates receive additional compensation when clients use UBS's account, execution, custody or other services, including other investment advisory services. We may also act as agent or principal for our own account when executing transactions and may profit or receive compensation in connection with such transactions.

### **Sources of Compensation from the Sale and Distribution of Mutual Funds.**

**The following compensation is not received with respect to assets subject to a Retirement Plan Consulting Services Agreement; however, these fees may be received in connection with other client assets.**

With respect to the sale of mutual funds, compensation to UBS, its Advisors and affiliates can result from receipt of distribution (e.g., 12b-1 fees), shareholder servicing, administration (e.g., omnibus or networking fees), marketing,

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<sup>5</sup> Access Person: all branch office employees, regardless of their job function, and any other Firm employee who works from a branch location or home office employees who place trades on behalf of money managers who participate in the Firm's advisory programs and home office employees that develop, manage or place trades for the UBS Managed Portfolio Program.

investment management, revenue sharing or referral agreements we and/or affiliates have with vendors or sponsors of those securities and other services. The source of some of this compensation is from the fees you pay the fund sponsor or investment adviser who then pays a portion of those fees to us. The mutual fund's prospectus will include information about the various forms of compensation paid by the fund or its advisors. In addition, information regarding revenue-sharing arrangements is available at our website, [www.ubs.com/mutualfundrevenuesharing](http://www.ubs.com/mutualfundrevenuesharing).

We also receive additional compensation as a result of inter-company profit sharing and servicing agreements. As a result of the various payments to us or our affiliated companies, the amount of compensation that UBS entities receive with respect to the sale of affiliated or proprietary mutual funds, including the money market funds used as sweep vehicles in advisory accounts, is greater than the amount payable to the organization as a whole from the sale of unaffiliated mutual funds.

For UBS proprietary products, our affiliates receive fees for providing investment management and other services ancillary to the execution of purchases of shares in affiliated funds, including, administration and shareholder services to the affiliated funds in the Programs.

### **Contributions to Training and Education Expenses.**

Investment managers, mutual fund vendors, unit investment trust sponsors, retirement plan platforms, annuity, life insurance companies or their affiliates and sponsors of ETFs whose products are available on our platform may contribute funds to support our Financial Advisor education programs.

The contributions are used to subsidize the cost of training seminars we offer to Financial Advisors through specialized firm-wide programs and regional training forums. These seminars are designed to provide training and education to Financial Advisors, Branch Office Managers, Field Leadership, and other personnel who regularly solicit clients to participate in the various types of businesses listed above. These contributions also subsidize a significant portion of the costs incurred to support the Financial Advisor training, Financial Advisor and Client education, and product marketing efforts conducted regionally and nationally by product specialists employed by UBS. The training events and seminars can (and often) include a non-training element to the event such as business entertainment which is not subsidized by vendors.

Not all vendors contribute to our education efforts. Neither contribution towards these training and educational expenses, nor lack thereof, is considered as a factor in analyzing or determining whether a vendor should be included or should remain in our programs or our platform. Contributions can vary by vendor and event. Some vendors may decide to contribute at levels different than those we request. Additional contributions may be made by certain vendors in connection with specialized events or training forums.

Your Financial Advisor does not receive a portion of these payments. However, their attendance and participation in these events, as well as the increased exposure to vendors who sponsor the events, may lead Financial Advisors to recommend the products and services of those vendors as compared those who do not.

Please see the section "Non-Cash Compensation" for a description of additional types of support and/or contributions we receive from vendors.

**Non-Cash Compensation.** In addition to the contributions to training and education expenses described above, we and our Financial Advisors, receive non-cash compensation from mutual fund companies, investment managers, unit investment trust sponsors, annuity providers, life insurance companies and sponsors of products (including ETFs) and other investment products that we distribute and/or the affiliates of any of them (collectively "vendors"). This compensation may include the following:

- Occasional gifts up to \$100 per vendor per year
- Occasional meals, tickets or other entertainment of reasonable and customary value
  - Sponsorship support of education or training events and seminars and/or payment of expenses related to training and education of Financial Advisors
- Access to industry tools which facilitate the delivery of certain services including fee benchmarking
- Various forms of marketing and servicing support and, in certain limited circumstances, the development of tools used by the firm for training or recordkeeping purposes.

Non-cash compensation can vary by vendor and event.

These payments do not relate to any particular transactions or investment made by RPCS or any other clients. At your request, your Financial Advisor can provide you with an annual estimate of the value of the non-cash compensation they may have received, if any.

**Compensation for Data Analytics.** Our Strategic Insights program offers vendors whose products are offered on the UBS Financial Services platform the opportunity to enter into agreements with us pursuant to which, for a fee ranging from \$150,000 – \$300,000, we will provide analytics and data relating to Financial Advisors in order to help vendors streamline and tailor the way they do business with our Financial Advisors. The list of Financial Advisors will be a complete list of all of our Financial Advisors including those that sell their products and those who do not.

Vendors that have this data have an advantage over others as they have a greater level of information and can tailor their wholesaling efforts in our branches, which may result in increased sales of those products by our Financial Advisors. Financial Advisors do not receive a portion of these fees. Although opportunities for these strategic relationships are available to all vendors whose products are available on our platform, not all vendors participate in these relationships. Participation in this program is optional and is not a consideration when determining whether or not a vendor's products will be made available on the platform.

**Other Compensation.** In addition, our affiliates receive trading commissions and other compensation from mutual funds and insurance companies whose products we distribute.

UBS or our affiliates may engage in a variety of transactions with (or provide other services to) the investment managers, mutual funds, their affiliates or service providers with which you are doing business. We may, in turn, receive compensation from these entities. Those transactions and services that we provide may include:

- Executing transactions in securities or other instruments
- Broker-dealer services for our own account
- Research services
- Consulting services
- Performance evaluation services
- Investment banking services
- Banking or insurance services

### **C. Other Interests in Client Transactions**

#### **Advice/Services to Other Clients and Activities in our Proprietary Accounts**

We and our affiliates provide investment banking, research, brokerage, investment advisory and other services for different types of clients. In providing those services, we and our affiliates may:

- give advice to, or take actions for, those clients or for our or our affiliates own accounts that differs from advice given to, or the timing and nature of actions taken for you,
- buy and sell securities for our own or other accounts,
- act as a market maker or an underwriter for securities recommended, purchased or sold.

UBS and our affiliates occasionally may not be free to divulge or act upon certain information in their possession on behalf of investment advisory or other clients. We are not obligated to execute any transaction for your account that we believe to be improper under applicable law or rules or contrary to our own policies. In particular, you should note that some of our programs may recommend asset allocations or analyze markets and the economy in a different way than would be recommended by some of our research, trading or other departments.

We have adopted policies and procedures that limit transactions for our proprietary accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there may be a potential conflict with the interests of a client.

### **ITEM 12. BROKERAGE PRACTICES**

Our RPCS Program services do not include the review or recommendation of broker-dealers for client transactions. Clients may choose to implement our advice through other financial institutions. However, we will not review or otherwise make recommendations on broker-dealers.



### **ITEM 13. REVIEW OF ACCOUNTS**

We have various policies and procedures applicable to the review and supervision of consulting services provided through RPCS. Those policies are designed to comply with the requirements of the Investment Advisers Act of 1940, and where applicable, ERISA and other applicable rules and regulations.

RPCS program clients meet with RPCS Consultants periodically (usually, quarterly). Items generally reviewed include, but are not limited to the following:

- Consistency of the plan's investments with the Investment Policy Statement
- Review of performance compared to peers and benchmarks and style drift of plan's mutual funds.
- Analysis of risk and return and investment costs

Branch Office Managers are responsible for the supervision of Financial Advisors who provide RPCS services, while home office Program Managers are responsible for enforcing the various program guidelines.

### **ITEM 14. CLIENT REFERRALS**

- Arrangements with Affiliates: We have referral agreements with our affiliates that outline:
  - how we refer clients to them
  - how they refer clients to us
  - how we act as solicitor for their advisory services and/or wrap fee programs
  - how we refer clients to them for services other than advisory services.
  - In certain cases, the advisory and consulting services available in our Programs may be provided by Financial Advisors registered with companies affiliated with us through a solicitation agreement with us or we may serve as a clearing broker for those affiliated entities.

Under those agreements, we share fees with, or receive fees from, our affiliates for the referral or solicitation of clients or for services provided to clients. These payments may vary, depending on the type of agreement, product or the nature and extent of the services provided, and may continue as long as the client account is maintained with UBS or our affiliate or for an agreed upon period. Arrangements may also be based on a percentage of revenue received.

- Third Party Arrangements: We also have a referral program that allows UBS to enter into solicitation arrangements with third parties that we compensate for referring or soliciting clients to participate in our advisory or trust services programs. Solicitors receive a portion of the advisory fees we receive.
  - We also have solicitation arrangements under which either we and/or our Financial Advisor may receive compensation for referring clients to a third party who will provide investment Advisory or other services to the client. The compensation we receive is usually a portion of the advisory fee the third party receives from its clients. In certain circumstances we may also receive commission revenue for transactions those third parties execute through our firm.

It is our practice to disclose to the client being referred the terms of the arrangement, including the maximum compensation payable to us and/or our Financial Advisors or a third party, as the case may be.

### **ITEM 15. CUSTODY**

Clients in the RPCS Program may not establish a custodial account at UBS and, accordingly, UBS Financial Services Inc. does not act as a custodian for RPCS clients. However, UBS Financial Services Inc. is a qualified custodian and has custody of client funds and securities.

### **ITEM 16. INVESTMENT DISCRETION**

The RPCS Investment Discretion services involve the exercise of discretion on our part over your assets. We also offer discretionary portfolio management services which are described in a separate brochure. Please contact your RPCS Consultant with questions.

**ITEM 17. VOTING CLIENT SECURITIES**

The RPCS Program does not include proxy voting services.

**ITEM 18. FINANCIAL INFORMATION**

UBS Financial Services Inc. is a qualified custodian (as defined in SEC Rule 206(4)-2). As a result, we have not included the balance sheet required under "Financial Information" of this Form ADV.

- As of the date of this Brochure, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.
- Our Firm has not been the subject of a bankruptcy petition at any time during the last ten years.

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