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This brochure provides information about the qualifications and business practices of Fidelity Institutional Wealth Adviser LLC ("FIWA"), a Fidelity Investments company.

Throughout this brochure and related materials, FIWA refers to itself as a "registered investment adviser" or "being registered." These statements do not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please call us at 617-563-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about FIWA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Summary of Material Changes**

The SEC requires registered investment advisers to provide and deliver an annual summary of material changes to their advisory services program brochure (also referred to as the Form ADV Part 2A). The section below highlights only material revisions that have been made to the FIWA brochure from May 28, 2019, through March 30, 2020. Additional information about FIWA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Capitalized terms are defined herein.

Updates have been made to the "Voting Investor Securities" section to reflect that FMAX Investors elect to either directly perform proxy voting or delegate proxy voting, as applicable, to either the Intermediary, Implementation Manager or the discretionary Investment Manager to whom the Intermediary has allocated Investor assets.

## **TABLE OF CONTENTS**

ADVISORY BUSINESS .....	4
FEEES AND COMPENSATION .....	9
PERFORMANCE-BASED FEES .....	15
TYPES OF INVESTORS.....	15
METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS .....	15
DISCIPLINARY INFORMATION .....	26
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	26
CODE OF ETHICS, PARTICIPATION OR INTEREST IN INVESTOR TRANSACTIONS AND PERSONAL TRADING .....	29
BROKERAGE PRACTICES.....	30
REVIEW OF ACCOUNTS.....	34
INVESTOR REFERRALS AND OTHER COMPENSATION .....	34
CUSTODY.....	35
INVESTMENT DISCRETION.....	36
VOTING INVESTOR SECURITIES .....	36
FINANCIAL INFORMATION .....	37

## **ADVISORY BUSINESS**

Fidelity Institutional Wealth Adviser LLC (“FIWA”) is a registered investment adviser and an indirect, wholly owned subsidiary of FMR LLC (collectively with FIWA and its affiliates, “Fidelity Investments,” “Fidelity,” “us,” or “we”). FIWA was formed in 2016 and sponsors the Fidelity Managed Account Xchange<sup>SM</sup> program (“FMAX” or the “Platform”).

FMAX is designed to provide financial services firms, including registered investment advisers, broker-dealers, banks, and family offices (“Intermediaries” or, individually, “Intermediary”) with a highly configurable investment advisory platform, which they can use to provide wealth management solutions directly to their clients (“Investors” or individually “Investor”). The Platform can be uniquely configured and branded by the Intermediary based on its specific preferences. The Intermediary has full discretion and sole responsibility to determine the services, features, and investments of the Platform it deems appropriate to meet the needs of its Investors. Investors should consult their Intermediary’s Form ADV Part 2A or other applicable disclosure documents for a detailed description of that Intermediary’s specific use of the Platform.

The Platform offers an integrated user experience for Intermediaries that use Fidelity’s clearing and custody platform. The Platform offers Intermediaries a technology platform of tools and related services to assist them in identifying and evaluating an Investor’s financial needs and enables Intermediaries to build personalized solutions for their Investors. The Platform provides flexibility to the Intermediary and can be used as the primary platform it uses with Investors or as a complement to other tools available to it. The Intermediary can leverage the Platform’s tools to gain an understanding of an Investor’s financial needs and to develop and deliver recommendations that align with those needs. While the Platform provides tools designed to assist the Intermediary in Investor profiling, the Intermediary is solely responsible for obtaining appropriate information concerning financial resources, risk tolerance, and investment objectives in order to produce a personalized and appropriate recommendation for an Investor. The Platform uses several analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes, and risk premiums.

FMAX provides the Intermediary with core investment tools and related services such as the Investment Proposal Tool (“Proposal”), which can be configured to include an Investor Profile Questionnaire (“IPQ”). FMAX also provides the Intermediary with access to other related services, including investment product due diligence, performance reporting, flexible platform configuration, investment consulting services, integrated access to a wide array of investment products, investment model management tools, advisory programs with corresponding rebalancing, trading, and clearing and custody services, as defined below.

To promote the Intermediary’s workflow efficiencies, FMAX integrates with a variety of FinTech capabilities, including those affiliated with FIWA such as eMoney Advisor LLC (“eMoney”) (financial planning), and Wealthscape<sup>SM</sup> (an affiliated brokerage portal to Fidelity Clearing & Custody Solutions<sup>®</sup>). The Intermediary separately contracts for these services directly with applicable FIWA affiliates.

## **Investment Proposal Tool**

The Intermediary utilizes the Platform to create personalized investment recommendations for Investors. The Intermediary initiates this process by using the Proposal tool made available by the Platform. The Proposal includes a default IPQ - a series of risk-based and demographic questions designed to capture and evaluate an Investor's specific risk profile and investment preferences, which the Intermediary can use to assist in determining the appropriate investment objective for the Investor. The IPQ process scores the personal information captured and input into the IPQ by the Intermediary, resulting in a personalized risk score and risk-appropriate investment objective designation, which the Intermediary can use to inform its decisions with respect to the Investor's appropriate asset allocation. To populate answers in the IPQ, the Intermediary gathers the Investor's essential financial information, demographic information, and risk tolerance. The Intermediary may utilize the IPQ available through the Platform or elect to customize the IPQ based on its own preferences. The Intermediary is not required to use the IPQ provided by the Platform and can use other methods outside of FMAX to determine an Investor's risk tolerance and investment objective.

The Intermediary utilizes the Proposal to create a personalized investment recommendation for an Investor. The Intermediary can configure the Platform to its preferences and such preferences will be incorporated into the Proposal. In addition to customizing the IPQ, the Intermediary may also uniquely configure other elements, including the universe of accessible investment options, the underlying capital market assumptions, security classifications, fees, and branding.

After the Investor's investment objective is determined, the Intermediary selects an Investment Advisory Program ("Advisory Program") or uses the Platform tools to enable the Intermediary to provide its own discretionary or non-discretionary advisory service to the Investor using the Intermediary Management Tool Suite (described below). The Platform offers three distinct Advisory Programs for Intermediaries to consider for use with Investors: 1) the Fund Strategist Portfolio Program ("FSP Program"), 2) the Separately Managed Account Program ("SMA Program"), and 3) the Unified Managed Account Program ("UMA Program"). These Advisory Programs are described in more detail below. The Intermediary is solely responsible for determining the appropriate Advisory Program to use.

Depending on the Advisory Program selected, the Intermediary has flexibility in determining an Investor's asset allocation and underlying investment options. For the FSP Program, the Intermediary selects from a menu of prepackaged investment models provided by investment managers available on the Platform ("Investment Managers"). In the FSP Program, the asset allocation and underlying investments are provided by the Investment Managers on a model basis (as described below).

In the SMA and UMA Programs, the Intermediary can select from several recommended asset allocations that are deemed consistent with the Investor's risk score and investment objective or develop its own customized asset allocation that is consistent with the Investor's risk score and investment objective.

In order to assist Intermediaries in selecting investment strategies, the Platform contains investment product research information and data. These research capabilities enable the

Intermediary to combine different investment solutions to evaluate their investment efficacy. The finalized Proposal is a personalized investment recommendation for the Investor which incorporates their risk profile, preferences, and the specific investment recommendations of their Intermediary. The Proposal, detailing the Intermediary's advisory fees and Program Fees (each as described below), terms and conditions, and any unique Investor preferences, is delivered to the Investor, along with the corresponding brokerage paperwork, to establish the advisory relationship and initiate the account opening.

### **Investment Strategies and Funds**

The Platform facilitates access to a wide range of professionally managed investment solutions, including fund strategist models ("Fund Strategists"), prepackaged UMA models, and style-specific separately managed accounts (Fund Strategists, prepackaged UMA models, and style-specific separately managed accounts are hereinafter referred to as "Strategies"). These investment Strategies are composed of third-party solutions provided by unaffiliated Investment Managers as well as solutions made available by Investment Manager affiliates of FIWA. FIWA has contracted directly with these Investment Managers to provide these solutions to Intermediaries for use with Investors.

Many of the Investment Managers are accessed through the use of investment models ("Models"). These Investment Managers, each acting as a "Model Provider," construct an allocation for their Model and select the underlying investments (individual securities, mutual funds, or Exchange Traded Funds "ETFs") for each portfolio, but the implementation manager (defined below) implements the Model within the appropriate Investor accounts.

In some situations, particularly for fixed income SMAs, certain Investment Managers providing SMAs will retain trade discretion ("Discretionary Strategies") and therefore not deliver their Strategies as a Model as discussed above.

Additionally, the Platform provides access to a wide range of actively managed, passively managed, and liquid alternative mutual funds and ETFs (mutual funds and ETFs, when discussed together, are hereinafter referred to as "Funds"). These Funds are managed by both Investment Manager affiliates of FIWA and unaffiliated Investment Managers.

### **Investment Manager Research Tools**

The Platform provides Intermediaries with a wide array of data on all Strategies and Funds available through the Platform. Historical performance, portfolio composition and risk analytics information are sourced from multiple third-party providers. Information obtained from third-party sources is believed to be reliable; however, FIWA makes no guarantees that the information supplied by them is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use. The Intermediary can use the Platform research tools to screen and evaluate Strategies and Funds based on its preferences and associated investment data variables.

### **Implementation Manager**

FIWA has retained Envestnet Asset Management, Inc. ("EAM"), an unaffiliated investment adviser, to provide overlay management of the portfolios, model implementation and

administrative duties. In this structure, EAM is responsible for the implementation of Models received from affiliated and unaffiliated Model Providers in Investor accounts and for overlay management, utilizing the trading discretion granted to EAM by FIWA (this function is entitled “Implementation Manager”), as well as the liquidation of securities that are transferred in-kind into Investor accounts. The Implementation Manager does not have discretionary management authority over any SMA where FIWA has retained an Investment Manager to provide discretionary management services. FIWA may utilize other affiliated or unaffiliated investment advisers to act in the role of Implementation Manager.

### **Advisory Program Offerings**

The Platform offers three types of Advisory Programs to Intermediaries: FSP, SMAs, and UMAs. Each Advisory Program is described below.

#### **FSP Program**

The FSP Program provides Intermediaries and Investors with access to a universe of professionally managed asset-allocated Models composed of Funds. Each Model is assigned a risk rating by the Platform, which allows the Intermediary to view all available risk-appropriate Models based on the information the Intermediary has input for its Investors.

The Intermediary is solely responsible for selecting the FSP Model(s) that it recommends or selects for Investors. The FSP Models are created by the Model Providers. The Model Provider determines the Model’s asset allocation and underlying investment selection and provides their Model portfolio holdings, as well as any ongoing portfolio changes, to the Implementation Manager for implementation and ongoing management.

#### **SMA Program**

The SMA Program provides Intermediaries and Investors with access to a universe of investment style-specific professionally managed portfolios composed of individual securities. Intermediaries selecting the SMA Program have access to investment portfolios chosen from a roster of Investment Managers specializing in a variety of investment disciplines. Unlike a mutual fund, where an Investor’s funds are commingled, a separately managed account is a portfolio of individual securities that can be tailored to fit the Investor’s needs. Intermediaries are permitted to combine the SMA with actively managed Funds in order to solve for an Investor’s personal asset allocation requirements.

The Intermediary is solely responsible for selecting the SMA Strategies it recommends or selects for Investors. The Platform assists the Intermediary in identifying the SMA Strategies that correspond to the proposed asset classes and styles, or the Intermediary can independently identify SMA Strategies. FIWA retains the Investment Managers for investment management services in connection with the SMA Program through separate agreements entered into between FIWA and the Investment Manager. These SMA accounts are either managed on a discretionary basis by the Investment Manager, or can be provided in Model form, in which case the SMA will be traded by the Implementation Manager. Fixed Income is a typical asset class where the Investment Manager retains trade discretion to implement their Strategies in each assigned Investor account.

## **UMA Program**

The UMA Program enables Intermediaries to create personalized Investor portfolios housed in a single brokerage account. UMAs offer the ability to incorporate multiple Funds and Strategies into one account by accounting for each unique investment strategy as a unique investment “sleeve” within a single account (e.g., Funds sleeves, individual SMA manager sleeves and Fund Strategist sleeves).

The Intermediary can develop a UMA solution for an Investor by starting with an FMAX prepared asset allocation or create its own asset allocation. The Intermediary then determines the investment solution(s) to utilize within the UMA from the options available on the Platform. The Intermediary is solely responsible for determining the Investor’s asset allocation and underlying investment solutions it elects to recommend to the Investor. Once the Intermediary has established the solutions used in the portfolio, the Implementation Manager provides portfolio implementation management services for UMA accounts and implements trade orders based on (i) the asset allocation selected by Intermediary, (ii) the composition of the Models provided by any Model Providers used in the UMA portfolio, and/or (iii) instructions of the Intermediary as to weighting of any Funds. In situations where an Intermediary selects a Discretionary Strategy for a particular sleeve within a UMA, the Investment Manager providing that Discretionary Strategy, not the Implementation Manager, will implement trade orders for the portion of the UMA they have been assigned. The Intermediary may also utilize a portfolio they have created within the Intermediary Management Tool Suite, discussed below, as a sleeve within the UMA. In this scenario the Implementation Manager, not the Intermediary, will implement trade orders for that sleeve.

The Intermediary may also select a “Packaged” version of the UMA, whereby the Intermediary does not determine the asset allocation or the specific underlying investment solutions used in each sleeve of the UMA portfolio. In the “Packaged” UMA, the Intermediary will select a prepackaged asset allocation and investment solution provided by a Model Provider.

## **Tax and Impact Overlay Services**

The Intermediary can select tax and impact overlay services (“Tax Overlay” and “Impact Overlay”) for Investors. Tax Overlay seeks to consider tax implications that may detract from the Investor’s after-tax returns. Impact Overlay allows Intermediaries to integrate Environmental, Social and Governance (ESG) factors into their investments based on the Investor’s personal values. If selected by the Intermediary, the Implementation Manager provides Tax Overlay, Impact Overlay, or both, to an account or sleeve.

The Tax Overlay and Impact Overlay services are designed to enhance the after-tax return for the Investor and align a portfolio with the personal values of the Investor, respectively. FIWA or the Implementation Manager do not provide tax planning advice or services.

## **Performance Reporting, Consulting, and Support Services**

The Platform also provides on-demand performance reporting capabilities to assist the Intermediary in monitoring Investor portfolios, as well as the capability for the Intermediary to deliver regular performance reporting to Investors. FMAX provides flexibility to the Intermediary to configure the Platform screens based on its specific needs and preferences, including



investment policy rules, investment options, pricing, performance reporting, capital market assumptions, and asset classifications. FIWA will maintain a team of investment consultants and other support staff to assist Intermediaries in understanding and delivering solutions to Investors. FIWA and its affiliates also provide support services to Intermediaries, including deployment, operational and technical support, and training.

### **Intermediary Management Tool Suite**

Separate from the Advisory Programs discussed above, FMAX provides risk-based portfolio management tools, which are integrated into the Proposal. This enables Intermediaries that want to offer and manage their own proprietary portfolios to include them in an Investor's investment recommendation delivered via the Proposal. This offering, entitled the Intermediary Management Tool Suite, is not part of the advisory services provided by FIWA to Investors. Likewise, the Implementation Manager will not trade or provide any advisory services to Investors as part of an Intermediary's use of the Intermediary Management Tool Suite. The Intermediary is solely responsible for creating, managing, trading, and making any recommendations with respect to its proprietary portfolios or any investments made through the Intermediary Management Tool Suite. FIWA provides only administrative services for this offering and does not provide any advisory services to Intermediary or Investors as part of the Intermediary Management Tool Suite, and therefore is not responsible for the selection of the specific investment choices made with respect to an Intermediary's proprietary portfolio.

### **Account Customization, Investment Restrictions and Wrap Fee Programs**

The Platform is designed to enable Intermediaries to comply with Rule 3a-4 under the Investment Company Act of 1940. Each Investor's account is managed on the basis of the Investor's financial situation and stated investment objectives, in accordance with the reasonable investment restrictions imposed by the Investor on the management of the assets in the account.

In addition, Investors will generally be contacted at least annually by their Intermediary, and notified quarterly to contact their Intermediary, in order to confirm whether there have been any changes to their financial situation or investment objectives or whether they would like to impose or modify investment restrictions on the account. Intermediaries are responsible for notifying FIWA of any changes to an Investor's financial situation, investment objectives, or any other change regarding the management of their Account.

Intermediaries are permitted to offer one or more of the Advisory Programs as "wrap fee programs" to Investors as described in their Form ADV Part 2A. FIWA also offers FMAX as a wrap fee program and manages it in the same manner as described in this document.

### **FEES AND COMPENSATION**

In general, Investors on the FMAX Platform will pay a wrap fee ("Investor Fee"), which includes the fees for the services of their Intermediary ("Intermediary Fee") as well as fees associated with FMAX (the "Program Fee"). The Program Fee is paid to FIWA and covers the services associated with FMAX, including access to the Platform, services from the Investment Managers; implementation of a Model or administration of a Discretionary Strategy; and

brokerage, clearing, and custody services that are provided by FIWA's affiliates, including Fidelity Brokerage Services LLC ("FBS") and National Financial Services LLC ("NFS"). The Intermediary Fee is not determined by FIWA and is separately agreed to between the Investor and the Intermediary.

The Program Fee generally includes investment management services composed of Investor profiling assistance, strategic asset allocation assistance, style allocation assistance, research and evaluation of Approved investment Strategies and Funds, if applicable (as discussed in greater detail in the Investment Research and Due Diligence section below), account performance calculations, account rebalancing, account reporting, billing administration, and other operational and administrative services. Investors whose Intermediaries perform or utilize a third party to perform certain of the services listed above may pay a lower Program Fee.

Certain fees may also be assessed separately from the Program Fee (as described more fully below in "Other Issues Relating to Fees").

The services associated with accessing Investment Manager Strategies and either implementing them in an Investor account, in the case of a Model, or administering them, in the case of a Discretionary Strategy, are also included in the Program Fee. The Program Fee will vary depending on the specific Investment Manager selected by the Intermediary. Additionally, the Program Fee will vary if the Intermediary selects a Model-delivered investment strategy versus a Discretionary Strategy. FIWA separately negotiates the agreements between Investment Managers, including fees paid to the discretionary Investment Managers or Model Providers. Fees paid to Investment Managers or Model Providers are anticipated to generally range from 0.15% to 1.00% of the assets under management. The Intermediary is solely responsible for selecting the Investment Manager including whether a particular strategy is Model-delivered or a Discretionary Strategy, that it recommends or selects for Investors. Certain Model Providers participating in the FSP Program may not charge management fees because they utilize their proprietary mutual funds and/or ETFs and receive fees from the underlying expenses of the Funds used in the Model.

As one of its services, FMAX provides account billing administration and deducts the Investor Fee, including the Intermediary Fee and Program Fee, from the Investor's account and pays the applicable parties. However, certain Intermediaries may not use FMAX for billing services, in which case FIWA is paid by invoicing the Intermediary instead of debiting the Investor's account. In such circumstances, the Intermediary's Fees may be collected by FIWA but are paid directly to the Intermediary. Investors should separately refer to the Intermediary's Form ADV Part 2A and fee schedule in the Investor's agreement with the Intermediary for a description of the Intermediary's fees for particular account(s). In circumstances where an Intermediary contracts for FinTech capabilities on behalf of an Investor, the Intermediary and/or Investor will pay a separate fee for such services.

The standard Program Fee schedules for FMAX's Advisory Programs are detailed below, but different fees may be separately negotiated by the Intermediary. The Program Fees by Advisory Program below do not include the Intermediary Fee, nor the fees charged by Funds as part of the Fund's expense ratio. Fees are calculated on a per account basis.

### Program Fee by Advisory Program

	FSP Program	SMA Program	UMA Program
First \$250,000	0.19% - 0.94%	0.50% - 1.81%	0.50% - 1.81%
Next \$250,000	0.19% - 0.75%	0.50% - 1.31%	0.50% - 1.31%
Next \$500,000	0.19% - 0.66%	0.50% - 1.25%	0.50% - 1.25%
Next \$1,000,000	0.19% - 0.59%	0.50% - 1.21%	0.50% - 1.21%
Next \$3,000,000	0.19% - 0.51%	0.50% - 1.20%	0.50% - 1.20%
> \$5,000,000	0.19% - 0.50%	0.50% - 1.20%	0.50% - 1.20%

### Fee Billing Calculation

For the majority of the Platform's Intermediary relationships, the Investor Fee charged is calculated as an annual percentage of assets based on the market value of the account at the end of quarter. The Investor Fee calculation considers cash and cash equivalents; however certain Intermediaries exclude cash in their fee calculation. Unless otherwise agreed to by the Investor with the Intermediary, Investor Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account. FMAX's billing services can accommodate different billing calculations at the request of the Intermediary. Certain Intermediaries have custom fee billing arrangements such as billing in arrears or billing accounts based on the average daily balance. Investors should review their billing arrangements as described in their Intermediary's Form ADV Part 2A and their Investor agreement for specific details.

When Investor Fees are calculated in advance, there are no fee adjustments for (i) appreciation or depreciation in the value of the assets during that quarter, (ii) adjustments to the asset allocation or rebalancing when assets are invested in a single portfolio that accesses multiple Strategies and Funds, such as the UMA Program, or (iii) the replacement of a Strategy or Fund within the UMA Program. This calculation process means that Investors could have paid a greater or lesser Investor Fee for that quarter had the intra-quarter reallocations and/or replacement of Investment Managers or Funds been in place at the time of the quarterly billing calculation.

For mid-quarter deposits or withdrawals exceeding a *de minimis* threshold (\$10,000, unless the Intermediary agrees on a different threshold), the Platform will calculate an adjustment to the Investor Fee for those assets for the remainder of the quarter ("Intra-Quarter Billable Assets"). Withdrawal or deposits for those Intra-Quarter Billable Assets will be calculated in

accordance with the allocation of the assets in the Strategies or Funds at the time of the intra-quarter billing.

### **Other Issues Relating to Fees**

FIWA has the authority to negotiate its fee structures with Intermediaries or Investors and may waive fees at its discretion. In certain situations, as agreed upon between FIWA and the Intermediary, FIWA may charge the Program Fee as a fixed-dollar amount to the Investor or charge an annual license fee to the Intermediary plus a reduced Program Fee per account (asset-based or fixed-dollar amount) to the Investor. In either case, the Program Fee could still be structured as a wrap fee to cover brokerage, clearing, and custody services. In the case of the fixed-dollar amount per account structure, underlying fees associated with accessing the Investment Managers and implementing Models or administering Discretionary Strategies within Investor accounts may be excluded from the fixed-dollar fee and charged separately.

Certain fees are not included in the Program Fee; the most significant of which is the Intermediary Fee. Additionally, certain Intermediaries charge administration fees for services it performs, in addition to the Program Fee. Investors should separately refer to the Intermediary's Form ADV Part 2A for a description of these types of fees.

The Program Fee does not cover certain charges associated with securities transactions in the Investors' accounts, including (i) dealer markups, markdowns, or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees be imposed by any Funds (such as fund operating expenses, management fees, redemption fees, 12b-1 fees, and other fees and expenses; further information regarding charges and fees assessed by Funds can be found in the appropriate prospectus) or other regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than FBS or NFS if and when trades are cleared by another broker-dealer; (v) postage and handling charges, returned check charges, transfer taxes, stock exchange fees, or other fees mandated by law; (vi) ACAT transfer, electronic fund and wire transfer charges; (vii) individual retirement account ("IRA") trustee or custodian fees and tax-qualified retirement plan annual account fees and annual and termination fees for retirement accounts (such as IRAs); (viii) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred into the Platform; and (ix) margin interest or other fees associated with margin provided by NFS.

With respect to (viii) above, the Platform will liquidate such assets transferred in at the direction of the Intermediary. Investors should thus be aware that if they transfer in-kind assets into the Platform, the Platform has the authority to liquidate such assets immediately or at a future point in time. In most circumstances, Investors will have a taxable event when the Platform liquidates such assets. Accordingly, Investors should consult their Intermediary and tax consultant before transferring in-kind assets into the Platform.

The typical additional fee for Tax and Impact Overlay Services (described above in "Advisory Business") is ten (10) basis points annually, which is applied to the Investor's whole account, and it applies when Tax Overlay, Impact Services, or both are provided to an account. FIWA

does not control, and may not be aware of, additional fees charged by the Intermediary for services described as overlay management. The Intermediary is solely responsible for recommending or selecting and determining the fees for Tax and Impact Overlay Services that it recommends or selects for Investors. In some cases, the Intermediary may determine their fees with certain Investors based upon the use of Tax and Impact Overlay Services.

The cost of investment advisory services provided through FMAX may be more or less than the cost of purchasing similar services separately. Among the factors impacting the relative cost of FMAX to a particular Investor include the Intermediary Fee, the size of the account, the type of Advisory Program, the size of the assets devoted to a particular strategy, and the discretionary Investment Managers and Funds selected.

The Platform does not negotiate share class availability on behalf of entities or their Investors. Affiliates of FIWA, including NFS and FBS, may receive distribution and shareholder servicing revenue as a result of investments in Funds in Investor accounts, and to the extent that this revenue varies based on the share class selected, FIWA has a potential conflict of interest with respect to the variations in such revenue. However, FIWA does not exercise trading discretion or share class selection authority with respect to any Investor account on the Platform. In general, when retaining Investment Managers in the FSP Program, FIWA requires that such Investment Managers create Models using low-cost share classes and/or share classes that do not include any 12b-1 distribution payments or CDSC charges (if such share classes are available for the Funds included in the Model). For Funds selected by Intermediaries as part of the Intermediary Management Tool Suite or selected in the UMA Program where the Intermediary has selected the individual Funds to be included in the UMA, FIWA does not oversee the selection of share classes in those investment solutions. The ultimate availability of Funds and other products in an FMAX account is determined by the Intermediary and the Funds offering such shares. Investors should consult their Intermediary for share-class specific guidance. The Platform does not advise Intermediaries on the selection of Funds, or any share classes thereof, or any other pooled vehicles.

In addition to the redemption fees described above, an Investor will incur redemption fees when the Investment Manager to an investment strategy determines that it is in the Investor's overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Funds prior to the expiration of the minimum holding period of the Funds. Some mutual funds also assess redemption fees to Investors upon the short-term sale of its funds. Depending on the particular mutual fund, this may include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. To the extent that such fees are incurred, they are borne by the Investor.

In connection with an Investor's investment in an American Depositary Receipt ("ADR"), the Investor could incur additional expenses and fees that are not included in the Investor Fees. For example, ADRs could be subject to dividend withholding taxes from the country of origin, which are an additional expense and reduce the dividend paid to the Investor. The Investor, or FIWA's affiliate, as custodian, is responsible for filing the appropriate forms/filings in the foreign country to reclaim any dividend withholding. In addition, paying agents who process ADR dividend payments to an Investor will assess a fee for their services, which also reduces the

dividend paid to the Investor.

For smaller accounts, a minimum account fee may apply to the Investor Fee. Minimum account fees are expressed in annual amounts but are determined and assessed based on the account asset value at the beginning of each quarter. For example, if an account has a \$100 minimum annual account Investor Fee, it will be assessed a minimum of \$25 every quarter. Therefore, if an Investor has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular quarter even if at the end of the year a look back over the account's average balance for the entire year would have placed it above the minimum asset value threshold.

See the Brokerage Practices section below for a description of the factors that the Platform considers in utilizing broker-dealers for Investor transactions affected away from Fidelity and determining the reasonableness of their compensation (e.g., commissions).

In most cases, employees and representatives of FIWA engage in sales and relationship activities with Intermediaries, but do not meet with Investors or engage in sales conversations with respect to specific Investor accounts. However, in limited circumstances, certain FIWA representatives may participate in meetings with Investors to assist Intermediaries in discussing the Platform and available Advisory Programs with Investors. Employees and representatives of FIWA who recommend the FMAX Platform to Intermediaries receive variable bonus compensation for sales of the Platform to Intermediaries and for accumulating assets on the Platform. However, FIWA employees and representatives do not receive variable compensation for any particular Advisory Program, product or service on the Platform that is recommended or selected by an Intermediary or purchased by an Investor. The variable compensation noted above creates a financial incentive for FIWA employees and representatives to suggest participation in the Platform but does not create an incentive for them to suggest any particular Advisory Program, product or service available on the Platform. However, in some cases, certain employees and representatives of the adviser's affiliates who suggest Advisory Program products and services to Intermediaries receive commissions or compensation for accumulating assets at FIWA's affiliates, and assets on the Platform are included in those calculations.

Separate from the Advisory Program fees listed earlier, FIWA charges a Program Fee for the administrative services associated with the Intermediary Management Tool Suite as well as the brokerage, clearing, and custody services provided by FIWA's affiliates, including FBS and NFS.

### **Termination**

The FMAX Investor agreement contains the terms and conditions for termination within the Platform. Generally, an agreement may be canceled by either party at any time, for any reason, upon receipt of 30 days' prior written notice. Investors will receive a prorated refund of any prepaid quarterly Investor Fees, based on the number of days remaining in the quarter after the termination date. Investors are not charged a liquidation fee if securities are to be delivered in-kind; otherwise, certain commissions and/or fees may be charged by the broker-dealer liquidating security positions.

## **PERFORMANCE-BASED FEES**

FIWA does not charge any performance-based fees based on a share of capital gains on, or capital appreciation of, the assets of an Investor.

## **TYPES OF INVESTORS**

FMAX is designed to provide Intermediaries with a highly configurable investment advisory platform, which they can use to provide wealth management solutions directly to its Investors (i.e., individuals, high-net-worth individuals, trusts, charitable institutions, foundations, and endowments). Participation in each of the Advisory Programs carry a minimum account size for any particular portfolio and investment solution selected. Generally, mutual fund or ETF asset allocation portfolios will require \$25,000-\$50,000 account size minimums. Separately managed accounts for equity Strategies will require \$100,000 account size minimums and \$250,000 account size minimums for fixed income Strategies. Multi-sleeve portfolios will generally require \$150,000 account size minimums. Minimum account sizes may be lowered at the discretion of the Investment Manager or FIWA, as applicable.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **Methods of Analysis**

The Platform provides Intermediaries with a variety of portfolio construction methods utilizing an analytics module to blend a solution that best meets the Investor's risk tolerance and investment objective. For asset allocation and portfolio construction, the Platform uses third-party analytical tools and commercially available optimization software applications to develop its asset allocation Strategies. These tools use FIWA's capital markets assumptions and valuation methods to estimate the expected returns for asset classes. This process results in the construction of diversified portfolios across a wide set of risk tolerances and preferences that can be employed by the Intermediary. The Intermediary can select Strategies or Funds using a variety of search screens on the Platform's technology platform that are configurable to create Intermediary-specific selection criteria.

In assisting the Intermediary with its development of an asset allocation and portfolio for the Investor, FMAX uses demographic and financial information provided by the Investor and the Intermediary to assess the Investor's risk profile and investment objectives.

### **Investment Research and Due Diligence**

FMAX provides Fund Strategists, SMA Strategies, and Funds to Intermediaries and Investors categorized by three basic categories of investment research statuses: "Available", "Approved-Quantitative", and "Approved-Qualitative."

For the Fund Strategists, SMA Strategies, and Funds categorized as "Available," FIWA has not reviewed the investment merits of the Strategies or Funds, and makes no recommendations concerning their use. Instead, the Intermediary is responsible for determining that it has sufficient information about Available Fund Strategists, SMA Strategies, and Funds to select them for its Investors.

The Intermediaries make their own determinations as to whether to utilize FMAX Investment Manager research and due diligence and are solely responsible for determining if they have sufficient information on any solutions they recommend to Investors through the Proposal.

FIWA may utilize third-party providers for investment research and due diligence capabilities to inform which Strategies and Funds the FIWA Investment Committee determines are Approved-Quantitative and Approved-Qualitative within the Platform. Currently, FIWA has retained a third-party investment adviser to assist with due diligence services. In this capacity, the third party is providing the majority of investment research and due diligence to support the FIWA Investment Committee in its selection of SMAs, Funds (actively managed mutual funds, passively managed mutual funds, liquid alternative mutual funds, ETFs), and Fund Strategist portfolios to receive the Approved-Quantitative and Approved-Qualitative statuses. Although different investment solutions demand unique due diligence requirements, all of FIWA's evaluations and approvals follow a comprehensive process. Each time the term "Approved" is used below, it will be applicable to both the Approved-Quantitative and Approved-Qualitative statuses, unless otherwise specified. While FIWA categorizes certain Strategies or Funds as Approved investment Strategies, the Intermediary is responsible for determining whether any particular Strategy or Fund is appropriate and suitable for use with a particular Investor.

### **Approval Process Overview**

For style-based investment Strategies, including actively managed SMAs, traditional mutual funds, and passively managed funds, a quantitative approval process is the primary form of due diligence. A concurrent qualitative due diligence process is conducted on a select group of SMAs and mutual funds to provide deeper coverage on Strategies in support of Intermediaries that may need investment consulting services. For liquid alternative mutual funds and Fund Strategists, a qualitative due diligence process is also applied to approve Strategies. When combined, these processes form the list of Approved investment Strategies. Both quantitative and qualitative processes are executed simultaneously and continuously for ongoing evaluation of the merits of the various investment options on the Platform.

### **Approved-Quantitative**

The quantitative evaluation primarily consists of two separate processes: one to evaluate actively managed mutual funds and SMAs and one to evaluate passively managed mutual funds, SMAs, and ETFs. As previously noted herein, FIWA's Investment Committee has retained a third party to conduct the investment due diligence process, including this quantitative process, subject to its review and approval. The quantitative process to evaluate actively managed mutual funds and SMAs incorporates several risk and return measures for each portfolio versus its investment style peers via a ranking methodology.

The ranking methodology for passively managed mutual funds, SMAs, and ETFs screens the investment solutions based on five criteria and also calculates a weighted average score of three performance dimensions (tracking, liquidity, and cost) and then ranks them within their respective peer groups. In order to exclude firms and products, additional filters are imposed on the ETF and passively managed mutual fund universe. Exceptions are allowed for approval of certain products on a case-by-case basis.



The Investment Managers or mutual funds that rank in the top of their peer group, as measured against all managers in the appropriate set of Morningstar categories, are added to the Approved-Quantitative universe. Approved-Quantitative SMA Strategies and mutual funds that fall below a threshold set by FIWA and its Investment Committee are removed from the Approved-Quantitative list and revert to the Available list unless overridden by FIWA and its Investment Committee. This ranking methodology is updated each quarter for all SMA and mutual fund portfolios, as well as index mutual funds and ETFs.

### **Approved-Qualitative**

For Approved-Qualitative SMA Strategies, mutual funds, and ETFs, FMAX employs a multiphase approach in its evaluation due diligence. As part of the due diligence, certain types of information are analyzed, including historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the Investment Manager's Form ADV Part 2A disclosure events, as well as portfolio holdings reports that help demonstrate the Investment Manager's securities selection process, and the prospectuses of the Funds. FIWA evaluates Investment Managers specializing in each of the asset categories listed, including equities (both domestic and foreign), corporate debt, commercial paper, certificates of deposit, municipal securities, mutual funds, real estate investment trusts, government securities, options, and futures. Through this analysis, the FIWA Investment Committee will make a determination of the Strategies or Funds that receive the status of Approved-Qualitative.

### **Approved-Qualitative–Fund Strategist**

The Fund Strategist evaluation process follows a thorough review of material submitted by the Investment Managers, as well as interviews (conference calls and/or on-site visits) with senior management and key investment personnel. These interviews are intended to gain a better understanding of the firm's stability, key personnel, investment philosophy and process, performance metrics, risk controls, and product lineup. Fund Strategist firms that have successfully completed all required materials and have not been noted for material issues during the analyst review process are brought to FIWA's Investment Committee for determination of their status of Approved-Qualitative.

### **Additional Information**

The investment professionals at the Investment Managers are an important source of information for the due diligence process, providing quantitative and qualitative information. In addition, FMAX and its service providers utilize several publicly available databases from independent sources which are used to verify the information provided by the Investment Managers. While FIWA does not independently review the performance calculations of these Investment Managers or performance information from them, and such calculations may not be conducted on a uniform basis, FIWA requires Global Investment Performance Standards (GIPS) compliant performance or audited performance for the Strategies included on the Platform.

Strategies assigned the Approved-Qualitative research status can be listed as "Watch" portfolios if they have experienced a significant event, including, but not limited to, changes in key investment personnel, changes in the investment process used and/or a significant

departure from the proprietary ratings methodology, material underperformance, or regulatory concerns. These portfolios are subject to ongoing monitoring and review to determine if the FIWA Investment Committee should remove them from the Approved List.

### **Exceptions and Conflict of Interests**

FIWA may make exceptions to allow certain Investment Managers to be placed on the Approved list. For these exceptions, FIWA uses qualitative and quantitative tools to make a determination that the Investment Manager otherwise warrants to be added or to remain on the Approved list. For example, the SMA strategy may not have a track record of sufficient length as determined by FIWA's Investment Committee, but the Investment Manager's results may enable that strategy to be added to the Approved list. FIWA's Investment Committee approves or disapproves all exceptions and can remove Investment Managers from the Approved list at its sole discretion.

All Strategies or Funds provided to the Platform by affiliates of FIWA will be considered Approved-Qualitative. These Strategies and Funds do not go through the applicable evaluation process discussed above, but the FIWA Investment Committee oversees and monitors these investment solutions. In addition to the Approved-Qualitative research status, these Strategies are also tagged with the research attribute of Fidelity Managed.

Certain unaffiliated Investment Managers providing Strategies to the Platform participate in a marketing, engagement, and analytics program established by FBS and NFS. The Strategies provided by these Investment Managers are categorized as "Available" within the Platform and are subject to the FIWA Investment Committee's investment research and due diligence or exception processes (described above) to be placed on the Approved list.

Any due diligence completed by FIWA or its designee should be used in conjunction with the Intermediary's existing research and as a supplement to any existing due diligence that an Intermediary or its firm may already have in place.

### **Investment Strategies**

The Platform provides Intermediaries with access to a large variety of investment Strategies and Funds as a core tenet of its capability. While many different investment Strategies and Funds can be selected, the Platform provides Intermediaries with the ability to utilize its technology to assess portfolios holistically and across multiple Advisory Programs and registrations, allowing the Intermediary to make a household assessment of their Investors' needs. This analytical capability allows Intermediaries to consider multiple options for investment Strategies and Funds as they seek to match their Investors' needs with the features and benefits of each program.

### **Material Investment Risk and Risk of Loss**

Investing in securities involves risk of loss, including loss of principal, that each Investor should be prepared to bear. Investments held in Investor accounts on the Platform are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Many factors affect investment performance. Strategies that pursue investments in equities will be subject to stock market volatility, and strategies that pursue fixed income investments (such as bond or money market funds) will see values fluctuate in response to changes in interest rates. Developments that disrupt global economies and financial markets, such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions or other events may magnify factors that affect performance. In addition, some countries experience low or negative interest rates, from time to time, which may magnify interest rate risk for the markets as a whole and for strategies. The discontinuation and replacement of LIBOR (an indicative measure of the average interest rate at which major global banks could borrow from one another) and other benchmark rates may have a significant impact on the financial markets and may adversely impact strategy performance. All strategies are ultimately affected by impacts to the individual issuers, such as changes in an issuer's credit quality, or changes in tax, regulatory, market, or economic developments. Non-diversified funds, SMAs, and accounts that invest in a smaller number of individual issuers can be more sensitive to these changes. Nearly all investments or accounts are subject to volatility in non-U.S. markets, through either direct exposure or indirect effects on U.S. markets from events abroad. Those investments and accounts that are exposed to emerging markets are potentially subject to heightened volatility from greater social, economic, regulatory, and political uncertainties, as the extent of economic development, political stability, market depth, infrastructure, capitalization, and regulatory oversight can be less than in more developed markets.

Additionally, investments or accounts that pursue debt exposure are subject to risks of prepayment or default, and Funds, SMAs, or accounts that pursue strategies that concentrate in particular industries or are otherwise subject to particular segments of the market (e.g., money market funds' exposure to the financial services industry, municipal funds' exposure to the municipal bond market, or international or emerging markets funds' exposure to a particular country or region) can be significantly impacted by events affecting those industries or markets. Strategies that lead Funds, SMAs, or accounts to invest in other Funds bear all the risks inherent in the underlying investments in which those Funds invest, and strategies that pursue leveraged risk, including investment in derivatives, such as swaps (interest rate, total return, and credit default), and futures contracts and forward-settling securities, magnify market exposure and losses. Additionally, investments and accounts are subject to operational risks, which can include risk of loss arising from failures in internal processes, people, or systems, such as routine processing errors or major systems failures, or from external events, such as exchange outages.

The Platform seeks Investment Managers and Funds with a variety of investment strategies in an effort to make a wide range of investment strategies available to Intermediaries and Investors. Some strategies may be high-risk strategies. Such strategies have the potential for substantial returns; however, there are correspondingly significant risks involved in the strategies and they are not intended for all types of Investors. Investors who choose to follow high-risk strategies should be aware that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly recommended that Investors diversify their investments and do not place all their investments in high-risk investment strategies.

Concentrated, non-diversified or sector strategies investing more of their assets in a few holdings involve additional risks, including share price fluctuations, because of the increased concentration of investments. The lack of industry diversification subjects the Investor to increased industry-specific risks. Municipal investment strategies can be affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities.

Certain ETFs in Fund Strategist Models utilize leveraged equity ETFs. The use of leverage by an ETF increases the risk to the portfolio. The more a portfolio invests in leveraged instruments, the more the leverage will magnify gains or losses on those investments. Due to the complexity and structure of these portfolios, they may not perform over time in direct or inverse correlation to their underlying index.

Tactical and dynamic investment strategies involve more frequent trading than the traditional buy-and-hold investment strategies. Such trading can increase transaction costs and create more short-term tax gains than the Investor may be used to seeing in other types of strategies.

In addition to the risks noted above, the following risks apply to certain Strategies or Funds available through the FMAX Platform:

### **Liquidity Risk**

Investing in certain types of securities that are thinly traded, or investing in bonds, ETFs, or mutual funds that invest in thinly traded securities, introduces liquidity risk. Liquidity risk is a financial risk that, for a certain period of time, a security or commodity cannot be readily traded in the market or cannot be traded without a significant discount to the market price. All tradable assets assume some level of liquidity risk. For example, alternative mutual funds and ETFs may use techniques such as shorting of securities, leverage, and derivatives, all of which may have liquidity risks if there are no buyers and sellers available or if a counterparty cannot fulfill the order.

### **Investing in Mutual Funds and ETFs**

Investors bear all the risks of the investment strategies employed by the mutual funds and ETFs held in the Platform, including the risk that a mutual fund or ETF will not meet its investment objectives. For the specific risks associated with a mutual fund or ETF, please see its prospectus.

### **ETFs**

An ETF is a security that trades on an exchange and may seek to track an index, a commodity, or a basket of assets. ETFs can include exchange-traded funds, exchange-traded notes, unit investment trusts, closed-end funds, master limited partnerships, and certain trusts. ETFs can be actively or passively managed. The performance of a passively managed ETF may not correlate to the performance of the asset it seeks to track. ETFs trade on secondary markets or exchanges and are exposed to market volatility and the risks of their underlying securities. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Share trading may be halted, or the security may cease to trade on an exchange. Trading volume and liquidity may vary and may affect the ability to buy or sell shares or may cause the

market price of shares to experience significant premiums or discounts relative to the value of the assets underlying the shares. Since ETFs trade on exchanges, buyers and sellers experience a spread between the bidding price and the asking price, and the size of these spreads may vary significantly. ETFs may also have unique risks depending on their structure and underlying investments.

### **Money Market Funds**

An Investor could lose money by investing in a money market fund. Although a money market fund seeks to preserve the value of an Investor's investment at \$1.00 per share, it cannot guarantee it will do so. An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Fidelity, the sponsor of Fidelity's money market funds, has no legal obligation to provide financial support to a Fidelity money market fund, and an Investor should not expect that Fidelity will provide financial support to a Fidelity money market fund at any time. Fidelity's government and U.S. Treasury money market funds will not impose a fee upon the sale of shares, nor temporarily suspend an Investor's ability to sell shares if the fund's weekly liquid assets fall below 30% of its total assets because of market conditions or other factors.

### **Quantitative Investing**

Funds or securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, market volatility, or the quantitative Model's assumption about market behavior. In addition, quantitative investment strategies rely on algorithmic processes, and therefore may be subject to the risks described below under the heading, "Operational Risks."

### **Stock Investments**

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Stock investments may be subject to risk related to market capitalization as well as company-specific risk.

Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other types of stocks. Growth stocks tend to be more expensive relative to their earnings or assets compared with other types of stocks. As a result, growth stocks tend to be sensitive to changes in their earnings and more volatile than other types of stocks. Value stocks tend to be inexpensive relative to their earnings or assets compared with other types of stocks. However, value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.

### **Bond Investments**

In general, the bond market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change, and, if a bond is prepaid, a bond fund may have to invest the proceeds in securities with lower yields. Fixed income securities also carry inflation risk and credit and default risks for both issuers and

counterparties. The interest payments of inflation-protected bonds are variable and usually rise with inflation and fall with deflation. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade effectively.

### **Credit Risk**

Changes in the financial condition of an issuer or counterparty, and changes in specific economic or political conditions that affect a particular type of security or issuer, can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Lower-quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

### **Municipal Bonds**

The municipal market can be significantly affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities. Municipal funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If an Investor is a resident in the state of issuance of the bonds held by the Fund, interest dividends may also be exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state, local, or federal alternative minimum tax. Certain Funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the Funds may sometimes generate income subject to these taxes. For federal tax purposes, a Fund's distribution of gains attributable to a Fund's sale of municipal or other bonds is generally taxable as either ordinary income or long-term capital gains.

Redemptions, including exchanges, may result in a capital gain or loss for federal and/or state income tax purposes. Tax code changes could impact the municipal bond market. Tax laws are subject to change, and the preferential tax treatment of municipal bond interest income may be removed or phased out for investors at certain income levels. Since many municipal bonds are issued to finance similar projects, especially those relating to education, health care, transportation, and utilities, conditions in those sectors can affect the overall municipal market. Budgetary constraints of local, state, and federal governments on which the issuers may be relying for funding may also impact municipal bonds. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market, and market conditions may directly impact the liquidity and valuation of municipal bonds.

### **Foreign Exposure**

Foreign securities and securities of U.S. entities with substantial foreign operations are subject to interest rate, currency exchange rate, economic, tax, operational, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for Funds that focus on a single country or region or emerging markets, or for Investors who elect to increase international stock exposure. Foreign markets may be more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile.

Foreign exchange rates can also be extremely volatile. Foreign markets can also offer less protection to Investors than U.S. markets. For example, foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to U.S. issuers. Adequate public information on foreign issuers might not be available, and it could be difficult to secure dividends and information regarding corporate actions on a timely basis. Regulatory enforcement can be influenced by economic or political concerns, and Investors could have difficulty enforcing their legal rights in foreign countries. Furthermore, investments in securities of foreign entities can result in clients owning an interest in a “passive foreign investment company” (a “PFIC”). Clients holding an interest in a PFIC could be subject to additional tax liabilities and filing requirements as a result of such investments. The rules regarding investments in PFICs are complex, and clients are urged to consult with their tax advisors.

### **Derivatives**

Certain Funds used in the Platform may contain derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold, oil, or wheat), or a market index (such as the S&P 500® Index). Investments in derivatives may subject these Funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardized contracts that can easily be bought and/or sold, and whose market values are determined and published daily. Non-standardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex, and may be more difficult to value. Derivatives may involve leverage because they can provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives may cause these Funds to be more volatile, because leverage tends to exaggerate the effect of any increase or decrease in the value of a Fund’s portfolio securities.

### **Alternative Investments**

Alternatives are classified as assets whose investment characteristics and/or performance differ substantially from the primary asset classes and therefore offer opportunities for additional diversification. The Platform does not make available private equity, hedge funds, or similar investments directly in Platform accounts; however, FMAX may offer access to mutual funds that invest significantly in these instruments, and therefore Investors may have indirect exposure to these types of investments. Generally, alternatives may be illiquid.

### **Real Estate**

Real estate is a cyclical industry that is sensitive to interest rates, economic conditions (both nationally and locally), property tax rates, and other factors. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

### **Commodity-Linked Investments**

Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures, and their value may be affected by the performance of the overall commodities markets, as well as by weather, political, tax, regulatory, and market

developments.

### **Illiquid Investments**

Illiquid securities sometimes trade infrequently in the secondary market. As a result, valuing an illiquid security can be more difficult, and buying and selling an illiquid security at an acceptable price can be more difficult or delayed. Difficulty in selling an illiquid security can result in a loss. The relative liquidity of any investment, particularly those that trade on exchanges, can vary, at times significantly.

### **Model Overlay Risks**

There are risks associated with Model implementation for Model-traded FMAX accounts. Each relies on the Implementation Manager's ability to purchase the investments in the Model Provider's portfolio recommendations. This may not be possible due to liquidity constraints or aggregate holdings limitations, among other reasons. This could result in deviation of performance between the Model and the Investor's accounts.

### **Legislative and Regulatory Risk**

Investments may be adversely affected by new or revised laws or regulations. Changes to laws or regulations can impact the securities markets as a whole, specific industries, individual issuers of securities, and the Investment Managers' determinations with respect to the expected rate of return, value, tax treatment, or creditworthiness of a particular security. The impact of these changes may not be fully known for some time.

### **Cybersecurity Risks**

With the increased use of technologies to conduct business, the Platform and its affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events that may arise from external or internal sources. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate asset prices, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers) and other parties.

### **Liquid Alternative Mutual Funds**

Risks that may be associated with liquid alternative mutual funds include, (i) *leverage*: leverage may enhance a fund's returns in up markets but exacerbate returns in a bad market. Some Investment Managers with leverage inherent in their portfolios may experience "margin call"



types of actions in the event of liquidity dry-ups or if certain counterparties cannot provide the leverage needed; (ii) *shorting*: certain securities may be difficult to sell short at the price that the Investment Manager would prefer to execute a trade. A short position may have the possibility of an infinite loss if a security continues to go up in price and the manager does not cover; (iii) *security valuation*: certain securities held in alternative mutual funds, such as derivatives or thinly traded stocks, bonds, or swaps, may not have a market to permit the Investment Manager to trade it quickly in case of fund redemptions. High bid/ask spreads or the lack of another buyer/seller to take the opposite position of a thinly traded security could cause inaccurate estimates in underlying security valuation by the administrator; and (iv) *nightly reconciliation*: the use of thinly traded securities, shorting and leverage may make it difficult for some alternative funds, based on their investment strategy, to provide accurate nightly Net Asset Values “NAV”s for the mutual fund.

### **Operational Risks**

Operational risks can include risks of loss arising from failures in internal processes, people, or systems, such as routine processing incidents or major systems failures, or from external events, such as exchange outages. Algorithms are used by certain Investment Managers, the Implementation Manager, or the Platform and contribute to operational risks. There is a risk that the algorithms and data input into the algorithms could have errors, omissions, imperfections, and malfunctions. Any decisions made in reliance upon incorrect data expose Investors to potential risks. Issues in the algorithm are often extremely difficult to detect and can go undetected for long periods of time. These risks are mitigated by testing and human oversight of the algorithms and their output. FIWA believes that the oversight, testing, and monitoring performed on algorithms and their output will enable the parties described above to identify and address issues appropriately. However, there is no assurance that the algorithms will always work as intended. In general, each Investor’s account will not be assessed individually, nor will there be a process to override the outcome of the algorithm with respect to any particular account.

### **Errors**

Incidents arising from operational failures, including those resulting from the mistakes of third parties, may not be compensable by FIWA. Although FIWA takes reasonable steps to avoid errors, occasionally errors do occur. FIWA maintains policies and procedures that address the identification and correction of errors, consistent with applicable standard of care, to ensure that clients are treated fairly when an error has been detected.

FIWA seeks to identify errors and works with the Investor’s Intermediary, Implementation Manager, Model Provider, or discretionary Investment Manager and/or other parties to correct the error affecting any Investor account as quickly as is reasonably possible. FIWA will evaluate each situation independently. In the event that FIWA or its affiliates make an error, FIWA or its affiliates will generally return the account to the position it would have been had no error occurred. This corrective action can result in financial or other restitution to the account, or inadvertent gains being reversed out of the account. The determination of whether an incident constitutes an error is made by FIWA or its affiliates, in their sole discretion.

FIWA’s policy and practice is to monitor and reconcile trading activity, identify and resolve any

trade errors promptly, document each trade error with appropriate supervisory approval, and maintain a trade error file. In the case of errors due to the inaction or actions of others (Intermediary, Implementation Manager, Model Provider, discretionary Investment Managers, or others), FIWA may help facilitate the error correction process in an effort to put the Investor in the position they would have been in had the error not occurred.

## **DISCIPLINARY INFORMATION**

FIWA, as a registered investment adviser, is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of the Platform or the integrity of the Platform's management. There are no legal or disciplinary events that are material to an Investor's or prospective Investor's evaluation of the Platform's advisory business or the integrity of its management personnel.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

FIWA is a wholly owned subsidiary of FMR LLC, a Delaware limited liability company that, together with its affiliates and subsidiaries, is generally known to the public as "Fidelity Investments" or "Fidelity." Various direct or indirect subsidiaries of FMR LLC are engaged in investment advisory, brokerage, banking, or insurance businesses. From time to time, FIWA or its Intermediaries or its Investors will have material business relationships with the subsidiaries and affiliates of FMR LLC. In addition, the principal officers of FIWA serve as officers and/or employees of affiliated companies that are engaged in various aspects of the financial services industry.

FIWA is not registered as a broker-dealer, municipal adviser, futures commission merchant, commodity pool operator, or commodity trading advisor, nor does it have an application pending to register as such. Certain management persons of FIWA are registered representatives, employees, and/or management persons of FBS, NFS, and/or Fidelity Distributors Company LLC ("FDC"), FIWA affiliates and registered broker-dealers.

FIWA has, and its Intermediaries or its Investors could have, a material relationship with the following affiliated companies:

### **Investment Companies and Investment Advisers**

- Fidelity Management & Research Company LLC ("FMR"), a wholly owned subsidiary of FMR LLC, is a registered investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"). FMR provides investment management services, including to registered investment companies in the Fidelity group of funds and to clients of other affiliated and unaffiliated advisers.
- FIAM LLC ("FIAM"), a wholly owned subsidiary of FIAM Holdings LLC, which in turn is wholly owned by FMR LLC, is a registered investment adviser under the Advisers Act, and is registered with the Central Bank of Ireland. FIAM provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. FIAM provides

model portfolio services to FIWA in connection with FMAX.

- FMR Investment Management (UK) Limited (“FMR UK”), an indirect, wholly owned subsidiary of FMR, is a registered investment adviser under the Advisers Act, has been authorized by the U.K. Financial Conduct Authority to provide investment advisory and asset management services, and is registered with the Central Bank of Ireland. FMR UK provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers.
- Fidelity Management & Research (Japan) Limited (“FMR Japan”), a wholly owned subsidiary of FMR, is a registered investment adviser under the Advisers Act and has been authorized by the Japan Financial Services Agency (Kanto Local Finance Bureau) to provide investment advisory and discretionary investment management services. FMR Japan provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers.
- Fidelity Management & Research (Hong Kong) Limited (“FMR Hong Kong”), a wholly owned subsidiary of FMR, is a registered investment adviser under the Advisers Act, and has been authorized by the Hong Kong Securities & Futures Commission to advise on securities and to provide asset management services. FMR Hong Kong provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers.
- Strategic Advisers LLC (“Strategic Advisers”), a wholly owned subsidiary of Fidelity Advisory Holdings LLC, which in turn is wholly owned by FMR LLC, is a registered investment adviser under the Advisers Act. Strategic Advisers provides discretionary and non-discretionary advisory services, and acts as the investment manager to registered investment companies that invest in affiliated and unaffiliated funds, and as sub-advisor to various retail accounts, including separately managed accounts.
- Fidelity Personal and Workplace Advisors LLC (“FPWA”), a wholly owned subsidiary of Fidelity Advisory Holdings LLC, which in turn is wholly owned by FMR LLC, is a registered investment adviser under the Advisers Act. FPWA provides nondiscretionary investment management services and serves as the sponsor to investment advisory programs.

### **Broker-Dealers**

- FDC, a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Securities Exchange Act of 1934 (the “Exchange Act”). FDC acts as principal underwriter of the registered investment companies in the Fidelity group of funds and also markets those funds and other products advised by its affiliates to third-party financial intermediaries and certain institutional investors.

- NFS, a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Exchange Act and a registered investment adviser under the Advisers Act. NFS is a fully disclosed clearing broker-dealer that provides clearing, settlement, and execution services for other broker-dealers, including its affiliate FBS. Fidelity Capital Markets (“FCM”), a division of NFS, provides trade executions for Fidelity affiliates and other clients. Additionally, FCM operates CrossStream®, an alternative trading system that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. FCM charges a commission to both sides of each trade executed in CrossStream®. CrossStream® is used to execute transactions for investment company and other Fidelity clients. NFS also provides securities lending services to certain of FMR’s or FMR’s affiliates’ clients. NFS does not have any advisory clients, does not provide investment advice, and does not receive compensation for investment advisory services. NFS provides transfer agent or subtransfer agent services and other custodial services to certain Fidelity clients. NFS acts as clearing broker and custodian for accounts on the FMAX platform, and provides administrative, clerical, and back-office services to FIWA in connection with the Platform.
- Luminex Trading & Analytics LLC (“LTA”), a registered broker-dealer and alternative trading system, operates an electronic execution utility (the “LTA ATS”) that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. FMR Sakura Holdings, Inc., a wholly owned subsidiary of FMR LLC, is the majority owner of LTA. LTA charges a commission to both sides of each trade executed in the LTA ATS. The LTA ATS is used to execute transactions for Fidelity affiliates’ advisory clients. NFS serves as the clearing agent for transactions executed in the LTA ATS.
- FBS, a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Exchange Act and provides brokerage products and services, including the sale of shares of registered investment companies, in the Fidelity group of funds to individuals and institutions, including retirement plans administered by Fidelity affiliates. In addition, along with Fidelity Insurance Agency, Inc. (“FIA”), FBS distributes insurance products, including variable annuities, which are issued by Fidelity affiliates, Fidelity Investments Life Insurance Company (“FIL”) and Empire Fidelity Investments Life Insurance Company® (“EFIL”). FBS provides shareholder services to certain of Fidelity’s clients. FBS is the introducing broker for certain managed accounts offered by FIWA and places trades for execution with its affiliated clearing broker, NFS.

### **Insurance Companies or Agencies**

- FILI, a wholly owned subsidiary of FMR LLC, is engaged in the distribution and issuance of life insurance and annuity products that offer shares of registered investment companies managed by Fidelity affiliates.
- EFILI, a wholly owned subsidiary of FILI, is engaged in the distribution and issuance of life insurance and annuity products that offer shares of registered investment

companies managed by Fidelity affiliates to residents of New York.

- FIA, a wholly owned subsidiary of FMR LLC, is engaged in the business of selling life insurance and annuity products of affiliated and unaffiliated insurance companies.

### **Banking Institutions**

- Fidelity Management Trust Company (“FMTC”), a wholly owned subsidiary of FMR LLC, is a limited-purpose trust company organized and operating under the laws of the Commonwealth of Massachusetts that provides non-discretionary trustee and custodial services to employee benefit plans and individual retirement accounts through which individuals can invest in affiliated or unaffiliated registered investment companies. FMTC also provides discretionary investment management services to institutional clients.
- Fidelity Personal Trust Company, FSB (“FPTC”), a wholly owned subsidiary of Fidelity Thrift Holding Company, Inc., which in turn is wholly owned by FMR LLC, is a federal savings bank that offers fiduciary services to its customers that include trustee or co-trustee services, custody, principal and income accounting, investment management services, and recordkeeping and administration.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN INVESTOR TRANSACTIONS AND PERSONAL TRADING**

There are several Codes of Ethics that are relevant with respect to the Platform: FIWA’s Code of Ethics, the Implementation Manager’s Code of Ethics, and the Code of Ethics of each Investment Manager. These Codes of Ethics will operate independently of one another. The relevant provisions of the Code of Ethics for FIWA are described below. The Code of Ethics for the Implementation Manager and each Investment Manager can be obtained from the respective entity.

FIWA has adopted a Code of Ethics for Personal Trading (the “Code of Ethics”). The Code of Ethics applies to all officers, directors, employees, and other supervised persons of FIWA and requires that they place the interests of Investors above their own. The Code of Ethics establishes securities transaction requirements for all covered employees and their covered persons, including their spouses. More specifically, the Code of Ethics contains provisions requiring:

- Standards of general business conduct reflecting the investment advisers’ fiduciary obligations;
- Compliance with applicable federal securities laws;
- Employees and their covered persons to move their covered accounts to FBS unless an exception has been granted;
- Reporting and review of personal securities transactions and holdings for persons with access to certain nonpublic information;
- Prohibition of purchasing of securities in initial public offerings unless an exception has

- been approved;
- Reporting of Code of Ethics violations; and
- Distribution of the Code of Ethics to all supervised persons, documented through acknowledgments of receipt.

Core features of the Code of Ethics generally apply to all Fidelity employees. The Code of Ethics also imposes additional restrictions and reporting obligations on certain advisory personnel, research analysts, and portfolio managers, including (i) preclearing of transactions in covered securities, (ii) prohibiting investments in limited offerings without prior approval, (iii) reporting of transactions in covered securities on a quarterly basis, (iv) reporting of accounts and holdings of covered securities on an annual basis, and (v) disgorgement of profits from short-term transactions unless an exception has been approved. Violation of the Code of Ethics requirements can also result in the imposition of remedial action. The Code of Ethics will generally be supplemented by other relevant Fidelity policies, including the Policy on Inside Information, Rules for Broker-Dealer Employees, and other written policies and procedures adopted by Fidelity and FIWA. A copy of the Code of Ethics will be provided upon request.

From time to time, FIWA's related persons purchase or sell securities for themselves that they also recommend to Investors. The potential conflicts of interest involved in such activities are contemplated in the Code of Ethics and other relevant Fidelity policies. In particular, the Code of Ethics and other Fidelity policies are designed to ensure that Fidelity personnel never place their personal interests ahead of Fidelity's clients in an attempt to benefit themselves or another party. The Code of Ethics and other Fidelity policies impose sanctions if these requirements are violated.

From time to time, in connection with our business, certain supervised persons of FIWA may obtain material nonpublic information that is usually not available to other investors or the general public. In compliance with applicable laws, FIWA has adopted a comprehensive set of policies and procedures that prohibit the use of material nonpublic information by investment professionals or any other employees.

In addition, Fidelity has implemented a policy on Business Entertainment and Workplace Gifts intended to set standards for business entertainment and gifts, to help employees make sound decisions with respect to these activities, and to ensure that the interests of FIWA's Investors come first. Similarly, to ensure compliance with applicable "pay to play" laws, Fidelity has adopted a Political Contributions and Activities policy that requires all employees to preclear any political contributions and activities.

## **BROKERAGE PRACTICES**

All Investor accounts on the Platform will be maintained at NFS, an affiliate of FIWA. In general, FIWA will not be responsible for directing any trading for any FMAX account. As previously discussed, FIWA has vested the Implementation Manager or the underlying Investment Managers with trading discretion; alternatively, the Intermediary will have trading discretion with respect to certain types of accounts, including portions of an Advisor-directed UMA and any account managed through the Intermediary Management Tool Suite. In most

cases, due to the wrapped nature of the fees payable in connection with the Platform, the Implementation Manager or the discretionary Investment Managers will place trades for execution with NFS, through FCM, and FCM will settle and clear these trades through NFS.

With respect to trading by the Implementation Manager, the Implementation Manager will place trades for mutual funds, ETFs, and exchange-listed equity securities with FCM. The Implementation Manager may allocate up to 100% of an Investor's order to FCM, subject to the Implementation Manager's obligation to seek best execution. To ensure quality of trade executions, the Implementation Manager monitors the quality of such trade executions effected through FCM. As sponsor of the Platform, FIWA also monitors the trade execution process.

When FCM is used for trading, FCM transmits the orders to various exchanges or market centers based on a number of factors. These include the following: size of the order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing, and execution costs. Some market centers or broker-dealers may execute orders at prices superior to the publicly quoted market prices.

Where the Implementation Manager directs the market center to which an order is routed, NFS, through FCM, will route the order to such market center in accordance with the Implementation Manager's instructions without regard to its general order-routing practices. NFS receives remuneration, compensation, or other consideration for directing some customer orders for equity securities to certain market centers for execution. Such consideration may include financial credits, monetary payments, rebates, volume discounts, or reciprocal business. The details of any credit, payment, rebate, or other form of compensation received in connection with the routing of a particular order will be provided upon request, and an explanation of order-routing practices will be provided on an annual basis. In addition, from time to time, FIWA or its affiliates may provide aggregated trade execution data to customers and prospective customers.

In most circumstances, trading costs for trades executed through affiliates of FIWA are covered by the Program Fee. However, as noted in the section entitled "Fees and Compensation," the Program Fee does not cover charges associated with certain securities transactions or activity in Investor Accounts including commissions or markups or markdowns resulting from trades effected with or through broker-dealers who are not affiliates of FIWA (as described below), transfer taxes, exchange fees, regulatory fees, odd-lot differentials, handling charges, or any other charges imposed by law or otherwise agreed to with regard to Platform accounts. The Intermediary and Investor may also agree to a different arrangement with respect to trade costs. Please see the "Fees and Compensation" section above for a more extensive description of the fees borne by Investors.

In certain instances, particularly those involving fixed income, illiquid, or thinly traded securities, the Implementation Manager or discretionary Investment Manager is authorized to choose to execute trades with another broker-dealer that is not affiliated with FIWA if they reasonably believe another broker-dealer can obtain a more favorable execution under the circumstances. This practice is often referred to as "trading away," and these types of trades are frequently called

“step-out” trades. Step-out trades are executed at another broker-dealer and cleared and settled at NFS. Step-out percentages vary depending on the discretionary Investment Manager selected and the securities held in the Investor account.

If the discretionary Investment Manager or Implementation Manager effects step-out trades, Investors may incur commissions, markups, markdowns, or spreads paid to market makers in addition to the Program Fee. Investors should be aware that some discretionary Investment Managers may place all or substantially all trades as step-out trades. As a result, the trading costs of these discretionary Investment Managers and their Strategies will be more costly to Investors than those Strategies where the Implementation Manager places trades with FIWA and its affiliates for execution.

### **Trading through Affiliates**

FIWA, the Implementation Manager, and discretionary Investment Managers, as applicable, are authorized to place portfolio transactions with affiliated registered broker-dealers of FIWA. The Implementation Manager is responsible for directing and overseeing trading for Advisory Program accounts where the Investment Manager has not retained trade discretion. Such trading can be effected on a principal or agency cross basis through Fidelity. To the extent that the Implementation Manager is responsible for trading an FMAX account, the Implementation Manager will arrange for the execution of transactions through FIWA affiliates, assuming the Implementation Manager reasonably believes that the quality of the execution of the transaction is comparable to what could be obtained through other qualified broker-dealers.

### **Best Execution**

The Platform is structured in a manner that permits FIWA to delegate trade discretion to the Implementation Manager and, in certain circumstances, to the discretionary Investment Managers. Please see the respective Form ADV Part 2A for the factors the Implementation Manager and each discretionary Investment Manager utilize in making and effecting trading decisions. FIWA will maintain processes, policies, and procedures to oversee execution activities for trades effected on behalf of Investor accounts on the Platform. FIWA may utilize third-party service providers to assist in its review and oversight of these best execution obligations.

### **Trade Aggregation and Allocation**

When effecting trades of the same individual securities across multiple Investor accounts for the Platform, the Implementation Manager or discretionary Investment Managers have the authority to aggregate these trades with trades for other Investors when, in the Implementation Manager’s/discretionary Investment Manager’s judgment, as applicable, aggregation is in the best interest of all Investors involved. Such trades are often referred to as “block trades.” Orders are aggregated in block trades to facilitate seeking best execution, to negotiate more favorable commission rates, or to allocate equitably among Investors the effects of any market fluctuations that might have otherwise occurred had these orders been placed independently. These transactions are averaged as to price and allocated as to amount according to the purchase and sale orders placed for each Investor account. The Implementation Manager, discretionary Investment Managers, and Intermediaries using the Intermediary Management Tool Suite will not collectively block trades that are effected for the same security. Please see



the Form ADV 2A brochures for the Implementation Manager or discretionary Investment Manager(s) as applicable.

It is the policy of FIWA and the Implementation Manager to treat Investor accounts in a fair and equitable manner when allocating orders for the purchase and sale of securities. FIWA has adopted trade allocation policies designed to achieve fairness and to not purposefully disadvantage comparable Investor accounts over time when allocating purchases and sales. All allocations for Investor accounts will be made in a manner consistent with the Implementation Manager's or discretionary Investment Managers' fiduciary duties, considering all relevant factors.

Investment Managers that retain trade discretion determine the trade rotation and allocation process for the accounts they have been selected to manage. When these discretionary Investment Managers elect to trade away from a FIWA affiliate, they have their own allocation policy and will direct how partial executions are allocated. In certain cases, discretionary Investment Managers may aggregate trades from the Platform with trades of other accounts managed by such discretionary Investment Manager.

Certain Investment Managers, beyond their role on the Platform, act as both a Model Provider and a discretionary Investment Manager. Some of these Investment Managers, as disclosed in their Form ADV, have a rotation policy that segregates their investment Model updates from their directly managed accounts. If in its ongoing Investment Manager due diligence review processes FIWA determines that such trade rotation policy does not provide equitable investment performance in accordance with the Investment Manager's reported performance, FIWA will restrict the availability of the Investment Manager or impose additional requirements, as necessary.

### **Trade Confirmations**

Depending on their elections, Investors will either receive trade-by-trade confirmations from NFS for any transactions in their account or quarterly trade confirmations; however, with respect to automatic investments, automatic withdrawals, dividend reinvestments, and transactions that involve the core Fidelity money market fund, an Investor's account statement serves in lieu of a confirmation. In addition, Investors will receive statements from NFS at least quarterly that detail all holdings and transaction information, including trades, additions, withdrawals, shifts in investment allocations, fees, and estimated gain/loss and tax basis information. Statements and confirmations are also be available online at Fidelity.com or Wealhscape<sup>SM</sup> and by enrolling in electronic delivery. Investors should carefully review all statements and other communications in connection with their accounts.

### **Soft Dollars**

FIWA does not use soft dollars and does not maintain a soft dollar program. The Implementation Manager and some Investment Managers on the Platform use soft dollars or other commission-sharing arrangements in connection with transactions effected for the Platform. Please see Form ADV Part 2A for the relevant Investment Manager for additional information about these practices.

### **Commission Re-Capture**

With respect to investments made by Fidelity mutual funds and ETFs, affiliates of FIWA may allocate brokerage transactions to broker-dealers who are not affiliates of FIWA and who have entered into commission recapture arrangements with FIWA's affiliates. Under such arrangements, the broker-dealer, using a predetermined methodology, rebates a portion of the compensation paid by the fund to offset that fund's expenses, which may be paid to affiliates of FIWA. FIWA expects that brokers from whom FIWA or its affiliates purchase research products and services with "hard dollars" are unlikely to participate in commission recapture.

### **REVIEW OF ACCOUNTS**

FIWA or the Implementation Manager performs nightly reconciliation of Investor accounts in the Platform against data provided by NFS. Exceptions are researched and appropriate corrections are made, when necessary. Completely reconciled accounts are made available at the beginning of the next business morning.

Investors receive statements from NFS at least quarterly providing a detailed list of holdings with valuations and account activity as well as confirmations of all securities transactions. In addition, at the election of the Intermediary, Investors also receive a quarterly performance report prepared by FMAX showing the allocation of the assets in the account as well as the performance of the account during the previous quarter.

Intermediaries are required to contact Investors on an annual basis to determine if there have been any changes to the Investor's financial situation and stated investment objectives or if the Investor wishes to impose any reasonable investment restrictions on the management of the assets in the account.

### **INVESTOR REFERRALS AND OTHER COMPENSATION**

The compensation described below is in addition to any fees received by FIWA for Platform accounts as described in the Fees and Compensation section, the Brokerage Practices section, or elsewhere in this brochure.

Affiliates of FIWA are compensated for providing services, including for investment management, access, purchase or redemption, transfer agency, servicing, and custodial services with respect to certain Fidelity and non-Fidelity mutual funds, ETFs, and Investment Models used in Platform accounts. These affiliates include Strategic Advisers, FMR, FIAM and their affiliates as the investment adviser or sub-advisers for the Fidelity funds; FDC as the underwriter of the Fidelity funds; Fidelity Investments Institutional Operations Company, Inc., as transfer agent for the Fidelity funds, and servicing agent for non-Fidelity funds; FBS as the introducing broker-dealer providing certain brokerage services for certain Platform accounts; NFS as the clearing broker-dealer providing clearing, settlement, and custody services for Platform accounts, and FIAM as a Model Provider to the Platform.

When an intermediary chooses to use a Fund, ETF, or investment Model provided by an affiliate of FIWA, FIWA's affiliates earn additional compensation as a result of that decision.

As such, FIWA has a potential financial conflict of interest when affiliated products or Models are selected by intermediaries on the Platform. However, FIWA does not select or exercise any discretion with respect to investments or Strategies for Investors on the platform, nor does FIWA advise or make recommendations to Investors or Intermediaries with respect to the selection of any underlying investment or strategy, affiliated or otherwise, that is available to Intermediaries and Investors on the Platform.

FBS and NFS receive compensation for executing portfolio transactions and providing, among other things, clearance, settlement, custodial, and other services to Fidelity and non-Fidelity mutual funds, ETFs, and other investments, and NFS provides securities lending agent services to certain Fidelity funds for which it will receive compensation. FBS and NFS also contract with certain mutual funds and other investment products, in connection with access to, purchase or redemption of, servicing and ongoing maintenance of, the mutual funds and other investment products held in Platform accounts. FBS and NFS receive compensation for such services, including asset-based or transaction-based compensation for shareholder servicing, 12b-1 fees, and CUSIP maintenance and add fees. These fees are paid directly from or on behalf of the Funds or other investment solutions and are in addition to the Program Fee. FBS and NFS receive flat, annual fees (1) from a limited number of unaffiliated product providers for maintaining the infrastructure to support their Funds and other investment solutions held in Platform accounts and (2) from approximately 18 unaffiliated product providers to participate in a marketing, engagement, and analytics program established by FBS and NFS. FBS and NFS also receive compensation for services provided to ETFs in connection with reduced or commission-free ETFs, and compensation in connection with a marketing program with respect to iShares funds, including ETFs and iShare funds in Platform accounts. FMR and its affiliates also obtain brokerage or research services, consistent with Section 28(e) of the Exchange Act, from broker-dealers in connection with the execution of the Fidelity funds' portfolio security transactions.

Client referrals may occur between FIWA and its affiliated entities pursuant to referral agreements, where applicable. As noted above in the section entitled "Fees and Compensation," certain representatives of FIWA and its affiliates receive economic incentives for their efforts in the sales, distribution, and support of the Platform.

## **CUSTODY**

FIWA does not maintain custody for Investors' assets in connection with the services it provides to the Platform. NFS, a registered broker-dealer and affiliate of FIWA, has custody of Investor assets on the Platform and will perform certain services for the benefit of Investors, including the implementation of trading instructions, as well as custodial and related services. Certain personnel of FIWA and NFS share premises and have common supervision. In addition, Investors will be sent at least quarterly statements from NFS that will detail all holdings and transaction information, including trades, additions, withdrawals, shifts in investment allocations, Platform advisory fees, and estimated gain/loss and tax basis information. Investor statements and confirmations may also be available online at Fidelity.com or Wealthscape<sup>SM</sup> and by enrolling in electronic delivery. Investors should carefully review all statements and other communications in connection with their accounts.

## **INVESTMENT DISCRETION**

While Investors are required to grant discretionary investment authority to FIWA so that such discretion can be passed to the Implementation Manager or discretionary Investment Managers, as applicable, FIWA does not exercise such investment discretion with respect to the purchase or sale of securities for any account, nor does it act as a fiduciary with respect to Investor accounts as defined under the Employee Retirement Income Security Act of 1974 as amended (“ERISA”) and related rules and regulations. Moreover, FIWA does not assume a fiduciary or advisory role in assets that an Intermediary has under management outside of FMAX, in assets managed by the Intermediary through the Intermediary Management Tool Suite or that have been identified with FMAX as assets or securities to be sold in order to fund the portfolio recommended by the Intermediary. Pursuant to the grant of discretion given by Investors, FIWA has retained the Implementation Manager and the discretionary Investment Managers, as applicable, to provide implementation and overlay management of the portfolios in Investor accounts, including discretion to effect trades in Investor accounts. The Intermediary is responsible for ensuring that the recommended portfolios are consistent with the risk profile and are in the best interest of the Investor. When selecting securities and trading accounts, the Implementation Manager or the Investment Manager, as applicable, observes the investment policies established through the Platform for the particular Investor account, along with account investment limitations and restrictions of the Investor. In such instances, FMAX can provide tools to assist the Intermediary in monitoring adherence to the investment policies established between Intermediary and Investor; however, FIWA does not undertake responsibility for monitoring adherence to an Investor’s broader investment policy.

## **VOTING INVESTOR SECURITIES**

Through FMAX Investors elect to either directly perform proxy voting or delegate proxy voting, as applicable, to either the Intermediary, Implementation Manager or the discretionary Investment Manager to whom the Intermediary has allocated Investor assets. If notified by the Investor, the Intermediary, Implementation Manager or discretionary Investment Manager, as applicable, shall be responsible for voting or abstaining from voting with respect to any proxy solicitations for any securities purchased on behalf of Investors.

In general, for accounts in which the Implementation Manager is providing overlay management services, including when an Investment Manager is acting in the role of a Model Provider, the Implementation Manager is responsible for voting proxies relating to securities held by Investors. The Implementation Manager has developed appropriate principles, policies, and procedures to ensure that such proxies are voted in the best interests of Investors. These policies and procedures are relatively general in nature to allow the Implementation Manager the flexibility and discretion to use its business judgment in making appropriate decisions with respect to Investor proxies. It is the Implementation Manager’s policy to vote Investor shares primarily in conformity with Glass Lewis & Co. (“Glass Lewis”) recommendations in order to limit conflict of interest issues between FIWA and the Implementation Manager and its Investors. Glass Lewis is a neutral third party that issues recommendations based on its internal guidelines. The Implementation Manager typically votes Investor shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. Additionally, ProxyEdge retains a record of proxy votes for each Investor. FIWA and the

Implementation Manager acknowledge and agree that the Implementation Manager has a fiduciary obligation to Investors to ensure that any proxies for which it has voting authority are voted solely in the best interests and for the exclusive benefit of Investors. The policies are intended to guide the Implementation Manager and its personnel in ensuring that proxies are voted in such manner without limiting the Implementation Manager or its personnel in specific situations to vote in a predetermined manner. These policies are designed to assist the Implementation Manager in identifying and resolving any conflicts of interest it may have in voting Investor proxies.

Proxy voting responsibilities for assets invested through the Intermediary Management Tool Suite are either voted by the Intermediary or directly by the Investor.

Upon request, Investors can receive a copy of the Implementation Manager's proxy voting procedures, a copy of the discretionary Investment Manager's proxy voting procedures, Glass Lewis's proxy voting guidelines, or a copy of the record of how a proxy vote was cast by the Implementation Manager or the discretionary Investment Manager.

## **FINANCIAL INFORMATION**

FIWA does not solicit prepayment of Investor fees. FIWA is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Investor.