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MANAGED ACCOUNT (WRAP FEE) PROGRAM DISCLOSURE BROCHURE

MARCH 31, 2020

This Brochure provides clients ("Clients") with information about the qualifications and business practices of Janney Montgomery Scott LLC ("**Janney**", the "**firm**", "**us**", "**we**" or "**our**") that you should consider before becoming one of our Clients. If you have any questions about the contents of this brochure, please contact our Wealth Management Department at (215) 665-6000.

Janney is an investment adviser registered with the United States Securities and Exchange Commission ("**SEC**"). Registration of an investment adviser does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

MATERIAL CHANGES

This section identifies and discusses material changes to the Form ADV Part 2A, Appendix 1 Managed Account (Wrap Fee) Program Disclosure Brochure (“Wrap Fee Brochure”) since the version of this Wrap Fee Brochure dated March 29, 2019. The changes are summarized below and are more fully described in the referenced sections of this Disclosure Brochure.

Janney updated our Proxy Voting disclosures to reflect enhancements of our Proxy Voting policies and procedures with respect to conflicts of interests presented by our use of a third-party proxy voting service. A description of the proxy voting updates is provided under the heading “Voting Client Securities” in the Disclosure Brochures.

Additionally, Janney has updated its fee disclosures with respect to potential conflicts of interest that may arise as a result of Janney’s policy to retain Third-Party Manager fee reductions for specific strategies. The retention of the Third-Party Manager fee reduction by Janney presents a conflict of interest as a Financial Advisor could be incented to increase their compensation by recommending the Client participate in the Third-Party Managers strategy prior to the fee reduction. Please see the “Fees and Compensation” section under the heading “Advisory Program Fees” for more information.

Additional Information

Clients should note the information provided above only discusses material changes made to the Wrap Fee Brochure since March 31, 2019. The Wrap Fee Brochure has been updated since March 31, 2019 to reflect certain non-material changes.

If you would like another copy of this Brochure, you can either download it from the SEC website as indicated above or from Janney’s website (www.janney.com) or request a copy be sent to you by contacting our Wealth Management Department at (215) 665-6000.

TABLE OF CONTENTS

Material Changes	1
Additional Information.....	1
Services, Fees, and Compensation.....	4
Professional Money Management.....	6
Adviser’s Program	6
Adviser’s MSP.....	7
Classic.....	9
Janney Capital Management Direct	9
Asset Allocation.....	10
Keystone Discretionary	10
ETF Advantage.....	11
Goals-Based Portfolio Solutions (GPS) Program	12
Pioneer	12
Internal Portfolio Management	12
Partners Advisory	12
Compass	13
Investors Select	14
Additional Information on Fees and Compensation.....	14
Account Requirements and Types of Clients	21
Portfolio Manager Selection and Evaluation	22
Strategy Identification	22
Initial Criteria	22
Initial Evaluation	22
On-going Research	24
Mutual Fund Product Due Diligence	24
Alternative Investment Due Diligence	24
Client Information Provided to Portfolio Managers	25
Client Contact with Portfolio Managers	25
Additional Information.....	25
Disciplinary Information.....	25
Other Financial Industry Activities and Affiliations.....	26
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	27

Principal Transactions 27

Review of Accounts 28

Client Referrals and Other Compensation 28

Janney Capital Management..... 28

Incentive Programs 29

Other Compensation from Third-Parties 29

 Proxy Services 29

 Omnibus Basis (Mutual Funds) 29

 Networked Basis (Mutual Funds)..... 30

 Payment for Order Flow 30

Financial Information 30

SERVICES, FEES, AND COMPENSATION

Janney currently offers eleven (11) fee-based advisory “wrap” programs that are broadly characterized as professional money management, asset allocation and internal portfolio management (each a “Program” and collectively, the “Programs”). Your Janney Financial Advisor will assess the potential suitability of the wrap fee program and establish whether one of the Programs may be appropriate for you based on your stated investment objectives and goals.

General Fee Information

In general, Janney’s fee is negotiable, and may vary based upon a number of factors discussed further below. Janney generally charges a wrap fee based on a percentage of the assets in a Program account. A wrap fee is a bundled fee for services such as investment advice, including portfolio management, research, custodial services, reporting and trading and execution. A wrap fee is not based directly on the amount of transactions in a client’s account but rather the fee is calculated based on the asset value of the Client’s account. Accordingly, if there is little or no trading activity in the account, it is possible that a Client may pay more in advisory fees than he or she would have in commission charges if the account was a brokerage account, depending upon the number of trades that occur in an account from year to year. Each Program generally includes investment management, custody, reporting, performance-monitoring and trade execution services.

Janney’s advisory fees are typically billed quarterly in advance, except as specifically noted below. The initial fee is charged on the date such assets are accepted for management and calculated on a pro-rata basis based on the days remaining in the calendar quarter (i.e., March 31st, June 30th, September 30th and December 31st). Thereafter, Janney calculates the fee at an annual rate based upon the market value of the Client’s account as of the last business day of the calendar quarter. Fees will be refunded if the account is terminated in writing by Janney or the Client for the pro-rata portion of the quarter for which no advisory services were provided. Additional deposits with a value of \$15,000 or greater will be charged an additional fee for the partial calendar quarter, beginning on the date of the deposit. Withdrawals in any amount are not subject to a pro-rata refund of fees paid in advance.

With respect to each Program, fees may be negotiated with the Janney Financial Advisor and are based on a number of factors, including, but not limited to, the size of the Client’s account, other related accounts with Janney, the extent of services to be provided by Janney to the Client’s account, and the projected nature of trading in the Client’s account.

Client accounts that are subject to a wrap fee will be subject to a minimum annual fee that will be set forth in the Advisory Account Summary sent to the client upon account opening regardless of the value of the assets in the Client’s account and billed on a quarterly basis. The annual minimum fees for each Program are referenced in this Brochure under the applicable Program description. Janney may waive its minimum fee at its discretion. The Client will receive notification if the Program minimum fee is changed for their account.

Janney offers the following Programs, which are described in greater detail below:

Professional Money Management	Asset Allocation	Internal Portfolio Management
Adviser's	Keystone Discretionary	Partners Advisory
Adviser's MSP	ETF Advantage	Compass
Classic	Janney Goals-Based Portfolio Solutions (GPS)	Investors Select (formerly FIED)
Janney Capital Management Direct	Pioneer	

The following fee schedule sets forth the maximum fee allowed based on the account value for the Program accounts:

All Advisory Programs	Maximum Fee	Sub-Advisory Fee
Flat Pricing	2.00%	Varies*

*Additional sub-advisory fees may be charged by Third Party Money Managers depending on program selection.

In certain accounts managed pursuant to a strategy of a third-party manager ("Third-Party Manager"), Janney pays a portion of the fee received by Clients to the Third-Party Manager(s). In the Adviser's Program, the fees paid to a Third-Party Manager for a Model-Based Strategy generally range from .25% to .45% and the fees paid to a Third-Party Manager in the Manager-Traded Strategy generally range from .15% to 1.00%. In the Adviser's MSP Program the overlay manager will receive .08% of the Client fee and the fees paid to the Third-Party Manager generally range from .25% to .45%. Janney Capital Management receives .25% of the total Client fee, except for Keystone Discretionary and Ladder Fixed Income Strategies accounts for which Janney Capital Management receives .15% of the Client fee.

When the Client has entered into a dual contract agreement with a Third-Party Manager in Janney's Classic Program, the Client maintains a separate agreement with the Third-Party Manager that governs the terms of the services to be provided by the Third-Party Manager as well as the fees to be charged by the manager for such services. The Third-Party Manager fee is not included in the fee schedule above. Janney will not be a party to this agreement.

From time to time, a Third-Party Manager may decide to reduce the fee they negotiated with Janney for a specific investment strategy. In those circumstances, the amount of the Third-Party Manager fee reduction is passed on to the Financial Advisor and the Client's fee remains unchanged, unless otherwise negotiated with the Client's Financial Advisor. Dependent on the related timing, the retention of the Third-Party Manager fee reduction by Janney presents a conflict of interest as a Financial Advisor could be incented to increase their compensation by recommending the Client participate in the Third-Party Managers strategy prior to the fee reduction. Janney mitigates this conflict of interest by requiring Janney Financial Advisors to act in accordance with their fiduciary obligations to serve the best interests of the

Client and make investment strategy recommendations based on the Client's goals and investment objective as provided to Janney.

Janney Financial Advisor's will periodically meet with Client to discuss Client's financial circumstances and investment objectives. For all Programs described below, Janney may change the Financial Advisor managing an account upon notice to the Client.

Third-Party Manager Minimum Investments

Third-Party Managers may have minimum investment requirements that are higher or lower than Janney's minimum investment. For those Third-Party Managers that have minimum investment requirements (e.g. for Adviser's, Adviser's MSP and Classic Programs), the required minimum ranges from \$25,000 to \$1,000,000, subject to change by the relevant Third-Party Manager.

Client Reports

Clients generally receive quarterly portfolio performance reports for their investment advisory accounts via the MyJanney.com website. The default method for the delivery of portfolio performance reports is online but clients can opt to receive paper performance reports by enrolling in online access and updating their mailing preferences or by contacting their Financial Advisor. Clients will receive monthly brokerage/custodial statements when there is trading activity during the statement period. The statements contain holdings and net asset values, as well as gain/loss information and contribution and withdrawal activity.

Professional Money Management

Adviser's Program

Under the Adviser's Program, a Janney Financial Advisor will recommend one or more investment strategies of Third-Party Managers (each a "Strategy" and collectively, the "Strategies") based on a Client's investment objectives, risk tolerance and specific needs. Janney may add or terminate a Strategy upon notice to the Client.

Depending on our arrangement with the Third-Party Manager, a Strategy may be implemented and traded directly by the Third-Party Manager ("Manager-Traded Strategy"), or Janney may implement the Strategy and conduct all trading in the account pursuant to the Third-Party Manager's recommendations ("Model-Based Trading Strategy").

Manager-Traded Strategies

For Manager-Traded Strategies, Janney has entered into a sub-advisory agreement with each Third-Party Manager which governs the advisory services and responsibilities to be rendered by the Third-Party Manager. Janney completes initial and ongoing due diligence for each Third-Party Manager in the Adviser's Program, described in detail in the Portfolio Manager Selection and Evaluation section of this Brochure. The Third-Party Manager for a Manager-Traded Strategy assumes full discretionary portfolio management responsibilities over each account invested in the Strategy. Each Third-Party Manager is responsible for determining the securities to be bought and sold for the Strategy, and for directly implementing those decisions for the accounts invested in the Strategy. Depending on the Manager-Traded Strategy selected, purchases and sales may be made by the Third-Party Manager on behalf of the Client in different types of securities including, but not limited to, corporate bonds, common or preferred

stocks, options, warrants, rights, ETFs or government bonds, corporate bonds or notes, unless otherwise restricted by the Client. It is understood that all or a portion of the account may be held in cash. A Third-Party Manager is permitted to place trades through Janney in its capacity as a broker-dealer, or may place trades through other broker-dealers if the Third-Party Manager determines that such other broker-dealers are providing best execution in light of all applicable circumstances. If a Third-Party Manager executes a trade through a broker-dealer other than Janney, there will most likely be a commission or mark-up on the trade that wouldn't have been charged if the trade was executed through Janney.

Model-Based Strategies

With respect to Model-Based Strategies, Janney has entered into an agreement with each Third-Party Manager that governs the provision of the investment recommendations to Janney for each of the Third-Party Manager's strategies so that Janney can implement the Strategies for Janney clients. Janney executes all trades in the Accounts invested in the Model-Based Strategy and has investment discretion over the Accounts.

Minimum Investment

The minimum initial investment for accounts in the Adviser's Program is \$100,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Adviser's Program is \$100.

Adviser's MSP

Under the Adviser's MSP Program, Janney offers clients the ability to invest in strategies managed by Third-Party Managers, mutual funds and/or exchange-traded products, such as exchange-traded funds and exchange-traded notes (collectively, "ETPs") in one Janney Account under different "sleeves." Janney utilizes a Third-Party Manager to provide overlay portfolio management services (the "overlay manager") for Adviser's MSP Program accounts. The overlay manager assigns the investment amount to be managed in each sleeve and executes the investment strategy assigned to such sleeves. Janney shall provide investment advice, brokerage and trade execution, custody and other services with respect to the Account. Client understands that the overlay manager will be solely responsible for investing all securities and cash within each assigned sleeve. Client appoints the overlay manager to provide overlay management and to act as the Client's agent and attorney-in-fact with discretionary power to manage the investment and reinvestment of assets including, but not limited to, transactions involving the purchase and sale of stocks, options, bonds, shares of registered investment companies, including ETPs, and any other securities for the Account in the Client's name consistent with Client's stated investment objectives and risk tolerance, as provided by Client to Janney. The information Client provides to Janney is used, in consultation with the Client, to develop an individualized investment strategy. However, unless otherwise indicated, Client acknowledges that the particular strategy adopted with respect to any Account may comprise only a portion of the Client's investment and tax strategy and may not, in and of itself, be consistent with the Client's overall stated investment objectives and risk tolerance. The overlay manager shall use their best efforts in managing the Account to attain the stated investment objective of the Account. Client understands and agrees that the overlay managers does not guarantee or represent that any investment objectives will be achieved.

There are TWO OPTIONS under the Adviser's MSP Program:

Open Architecture Option

Under the Open Architecture Option, the Client, with the assistance of the Janney Financial Advisor, will select the mix of model portfolios, as well as ETPs and/or mutual funds, as is consistent with the Client's stated investment objectives and risk tolerance, as provided by Client, subject to minimum investment requirements set by Janney. Your Janney Financial Advisor may replace any Third-Party Manager, ETP and/or mutual fund selected by the Client without prior notice to Client in the event a Third-Party Manager, ETP or fund is no longer recommended or made available as an investment option by Janney. Janney will provide Client with notice of any such change.

Fixed Model Option

Under the Fixed Model Option, Client grants Janney full discretionary authority to select, on behalf of the Account, the overlay manager, as well as ETPs and/or mutual funds based on a model portfolio constructed by Janney or Janney Capital Management LLC, a wholly-owned subsidiary of Janney. The investment selections made by Janney for the Account will be consistent with the Client's stated investment objectives and risk tolerance, as provided by Client, subject to minimum investment requirements and the value of the Account. Janney may, in its sole discretion, make changes to the Account's asset allocation or replace a third-party investment manager, ETP and/or mutual fund in the Account from time to time.

Open Architecture and Fixed Model Options

Each model portfolio, ETP and mutual fund will be deemed a "sleeve" of the Account. Client shall have the right to impose reasonable investment restrictions on the Account, including restricting investments in specific securities or industry sectors. Such restrictions and inclusions must be communicated to Janney and are subject to the specific approval of the relevant Third-Party Managers in their sole discretion. In accommodating restrictions of a specific security or type of security to be included in the Account, the Third-Party Manager may, in lieu of acquiring any such restricted securities: (i) select a security from a list of alternatives provided by the third-party managers; (ii) select a comparable security in its discretion; or (iii) select no substitute security and instead either (A) increase the amount of other securities included in the investment portfolio or (B) place or invest the funds allocated to the rejected security in a money market account or money market mutual fund. Client may amend or modify the restrictions on the Account by contacting Janney either in writing (including e-mail) or verbally. Restriction changes are subject to acceptance by the Third-Party Manager. The Third-Party Manager and Janney shall be entitled to rely upon written clarifications, supplements and modifications to the investment restrictions from the Client. Reasonable interpretations of the investment restrictions made in good faith by the Third-Party Manager and Janney shall be binding upon the parties.

Client acknowledges that the relevant Third-Party Managers will be responsible for the investment management decisions within all designated sleeves in the Client's Account. Neither Janney nor any other unaffiliated party will be responsible for making, or be authorized to make, such decisions.

Minimum Investment

The minimum initial investment for an account in the Adviser's MSP Program is \$150,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Adviser's MSP Program is \$100.

Classic

In the Classic Program, Third-Party Managers selected by the Client provide portfolio management services for assets held in a Janney account. In many cases, the Client has a pre-existing relationship with the Third-Party Manager and seeks to continue that relationship after transferring their account to Janney. If the Client selects this Program, the Client is responsible for establishing the portfolio manager relationship with the Third-Party Manager, including executing an investment advisory agreement directly with the Third-Party Manager. Janney's initial and ongoing due diligence of such Third-Party Managers is limited in comparison to the due diligence process performed for the Third-Party Managers in the Adviser's and Adviser's MSP Programs. Janney does not recommend or select the Third-Party Manager and we assume no responsibility for the Client's selection or termination of the Third-Party Manager or for the investment decisions, performance, compliance with applicable laws, or any other matters involving the Third-Party Manager. As the investment adviser of the account, a Janney Financial Advisor will offer investment advice to the client with respect to the assets managed by the Third-Party Manager and whether they are consistent with the Client's stated investment objectives and risk tolerance, as provided by the Client. Janney has the right to terminate any manager under the Classic Program at Janney's sole discretion.

Minimum Investment

The minimum initial investment for an account in the Classic Program is \$100,000, which may be waived in Janney's sole discretion.

Minimum Fee The minimum annual fee payable for an account in the Classic Program is \$100.

Janney Capital Management Direct

Janney Capital Management LLC ("Janney Capital Management") is a wholly-owned subsidiary of Janney and an SEC-registered investment adviser. Under the Janney Capital Management Direct Program, Janney Capital Management provides portfolio management services on a discretionary basis. The Janney Financial Advisor will assist the Client in selecting an investment strategy through the Client's stated investment objectives and risk tolerance.

Janney Capital Management's portfolio management services may employ equity-only, balanced, fixed income-only and asset allocation strategies. Typically, individual securities, exchange-traded funds, exchange-traded notes and mutual funds are used to execute the strategies. When appropriate to the needs of the Client, Janney Capital Management may recommend the use of short-term trading (securities sold within 30 days), short sales, margin transactions or options writing. Because these investment strategies involve certain degrees of risk, they will only be recommended when consistent with the Client's stated tolerance for risk.

In addition to the strategies discussed above, Janney Capital Management offers the Dynamic Asset Strategy and the Dynamic Income Strategy (collectively, the "Dynamic Strategies"). Under these strategies, Janney Capital Management establishes an asset allocation by assessing an asset class's comparative attractiveness given current and expected market conditions. The Dynamic Strategies seek competitive total returns compared to the overall capital markets and do not have a predetermined asset class mix. Accounts invested in the Dynamic Strategies may be invested actively across asset classes but may also be concentrated in specific asset classes that Janney Capital Management believes offers the best opportunity for capital appreciation or above average income generation. Such flexibility in portfolio

construction has the risk of exposing Client accounts to decreases in value due to concentration in certain securities or asset classes.

Minimum Investment

The minimum initial investment for an account in the Janney Capital Management Direct Program is \$100,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Janney Capital Management Direct Program is \$100.

Janney, as a parent entity of Janney Capital Management, retains all of the Janney Financial Advisor fees paid by Clients invested in a Janney Capital Management Program. An incentive exists for Janney Financial Advisors to recommend Janney Capital Management over other professional money management Programs (e.g., Adviser's (Manager-Traded Strategies) and Adviser's MSP Programs). Janney has adopted policies and procedures to mitigate this conflict of interest which are designed to ensure that Janney Financial Advisors recommend Programs to clients based on their suitability and appropriateness for the Client, as opposed to the financial interests of Janney or the Janney Financial Advisor as a Janney employee.

Asset Allocation

Keystone Discretionary

Under the Keystone Discretionary Program, the Client authorizes Janney's wholly owned subsidiary, Janney Capital Management, to provide discretionary investment management services for the Client's account. A Janney Financial Advisor will assist the Client in selecting an investment strategy through the Client's stated investment objectives and risk tolerance and will recommend a target asset allocation. The Janney asset allocation models are constructed with a portfolio construction process focused on expected return, volatility and correlation to the asset allocation model. Generally, accounts will be invested in a portfolio of load waived and no-load mutual funds, exchange-traded funds ("ETFs") and exchange-traded notes ("ETNs") in accordance with the recommended asset allocation model. Janney Capital Management may, in its sole discretion, invest in any other type of security in the Client's account.

The following Janney asset allocation models are available under the Keystone Discretionary Program.

- Equity Growth
- Diversified Growth
- Balanced 60/40
- Balanced 40/60
- Diversified Income
- Current Income

Periodically, Janney Capital Management will review and update the composition of the model portfolios and asset classes. This review may result in the addition and/or removal of mutual funds, ETFs, or ETNs from the Client accounts as well as a change in asset allocation. These changes may be based on shifting market conditions generally, changes in the relative risk adjusted performance rank or management of recommended funds and/or changes in the Client's investment objectives or risk tolerance.

Janney maintains existing Client relationships with Clients who have accounts in the Keystone Program that are non-discretionary. The non-discretionary Keystone Program is closed to new investors.

Minimum Investment

The minimum initial investment for an account in the Keystone Discretionary Program is \$25,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Keystone Discretionary Program is \$100.

Janney, as a parent entity of Janney Capital Management, retains all of the Janney Financial Advisor fees paid by Clients invested in a Janney Capital Management Program. An incentive exists for Janney Financial Advisors to recommend Janney Capital Management over other professional money management Programs (e.g., Adviser's (Manager-Traded Strategies) and Adviser's MSP Programs). Janney has adopted policies and procedures to mitigate this conflict of interest, which are designed to ensure that Janney Financial Advisors recommend Programs to clients based on their suitability and appropriateness for the Client, as opposed to the financial interests of Janney or the Janney Financial Advisor as a Janney employee.

ETF Advantage

Under the ETF Advantage Program, the Client authorizes Janney's wholly owned subsidiary, Janney Capital Management, to provide discretionary investment management services for the Client's account. The Janney Financial Advisor will assist the Client in selecting an investment strategy through the Client's stated investment objectives and risk tolerance and will recommend a target asset allocation. The Client's account under this Program will generally be invested in a portfolio of exchange traded securities, including but not limited to ETFs and ETNs. Janney Capital Management may, in its sole discretion, invest in any other type of security for the benefit of the Client's account.

The following Janney asset allocation models are available under the ETF Advantage Program.

- Equity Growth
- Diversified Growth
- Balanced 60/40
- Balanced 40/60
- Diversified Income
- Current Income

Minimum Investment

The minimum initial investment for an account in the ETF Advantage Program is \$25,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the ETF Advantage Program is \$100.

Goals-Based Portfolio Solutions (GPS) Program

Under the Goals-Based Portfolio Solutions (GPS) Program, a Janney Financial Advisor will recommend an investment allocation from Third-Party Managers. Client's account will be invested in a suitable model portfolio formulated and maintained by a Third-Party Manager consisting of the Third-Party Manager's proprietary no-load mutual funds or exchange traded funds. Client grants Janney full investment discretion with respect to buying, selling, holding, converting and exchanging securities and other assets in the Account consistent with the selected model portfolio, including any modifications to such model portfolio, and any client restrictions. The Janney Financial Advisor will periodically discuss with Client their financial circumstances and investment objectives.

Minimum Investment

The minimum initial investment for an account in the GPS Program is \$5,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the GPS Program is \$50.

Pioneer

Under the Pioneer Program, a Janney Financial Advisor will recommend an investment strategy consistent with the Client's financial circumstances, investment objectives and risk tolerance. The Janney Financial Advisor will have several options in the Pioneer Program when providing investment management services; (1) select a model portfolio created and managed by a Third-Party Manager or (2) select a Janney model portfolio created and managed by Janney's Wealth Management Research Department ("WM Research"). Client grants Janney full investment discretion with respect to buying, selling, holding, converting and exchanging securities and other assets in the account consistent with the selected model portfolio, and any client restrictions.

Portfolios may include mutual funds, exchange traded products and equities. Client assets will generally be invested in one or more model portfolios developed or approved by Janney. Janney will invest and reinvest the assets in the account in a portfolio of securities, cash or cash equivalents (such as Treasury bills or money market funds) or other instruments that is compatible with the Client's stated investment objectives and risk tolerance, as provided by the Client to Janney, generally consistent with the model portfolios.

Minimum Investment

The minimum initial investment for an account in the Pioneer Program is \$25,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Pioneer Program is \$100.

Internal Portfolio Management

Partners Advisory

In the Partners Advisory Program, a Client retains Janney to provide non-discretionary advisory services. With assistance from a Janney Financial Advisor, Clients can direct the assets to align with their investment

objectives and risk tolerance. The Janney Financial Advisor will provide advice and recommendations to the Client with respect to the investment of the securities and cash in the account. Such recommendations will be compatible with the Client's stated investment objectives and risk tolerance. The Client will decide whether to implement any or all such recommendations provided by the Janney Financial Advisor. Janney does not have investment discretion under the Partners Advisory Program.

A Janney Financial Advisor may make investment decisions that are contrary to research ratings issued by Janney's WM Research or that may differ from other Financial Advisors, Janney Capital Management, Janney's Capital Markets Equity Research team or asset allocations provided by Wealth Management Research.

Minimum Investment

The minimum initial investment for an account in the Partners Advisory Program is \$10,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Partners Advisory Program is \$100.

Compass

Under the Compass Program, a Janney Financial Advisor acts as a portfolio manager and will provide investment advice and management to the Client on a discretionary basis. When an account is managed on a discretionary basis, the Financial Advisor has the ability to direct and execute transactions without obtaining Client consent prior to entering a trade for the Client account. In other words, a Janney Financial Advisor, and not the Client, has the discretion to decide what securities to buy and sell in Client accounts. A Janney Financial Advisor will assist the Client in selecting an investment strategy through the Client's stated investment objectives and risk tolerance.

In order to qualify to manage accounts under the Compass Program, Janney's Wealth Management Department will review a Janney Financial Advisor's experience, education, and investment philosophy and methods for managing client assets. A Janney Financial Advisor in the Compass Program may develop specific investment strategies that include investing in multiple or single asset classes, model portfolios or some other distinct investment strategy. Financial Advisors will implement a strategy across multiple Client accounts or take a more customized approach to management of Client accounts. A Janney Financial Advisor is primarily responsible for making and implementing investment management decisions for a Client account within the Compass Program's investment guidelines. The guidelines specify the number and types of securities eligible for investment in a Compass Program account. At the discretion of Janney's Wealth Management Department, certain Financial Advisors may be granted limited exceptions to the Compass Program's investment guidelines and may be permitted greater latitude in selecting securities and diversification. Therefore, the availability of investment strategies and securities and the applicability of investment limitations vary depending on a Client's particular Janney Financial Advisor. The Compass Program's guidelines are subject to change without notice.

Depending on the investment strategy the Financial Advisor uses, investments may include equity and fixed income securities, certain closed-end funds, mutual funds, UITs and exchange-traded funds. All or a portion of a Client's account may be held in cash or cash equivalents, including securities issued by money market mutual funds or deposited in interest-bearing bank accounts. Where approved, Financial Advisors may use certain option strategies, such as covered call writing and purchasing protective puts. Janney has

developed certain investment parameters, which may limit the Client's investment options under the Compass Program. These investment parameters were instituted in order to limit risk to the Client.

A Janney Financial Advisor may make investment decisions that are contrary to research ratings issued by WM Research or that may differ from other Financial Advisors, Janney Capital Management, Janney's Capital Markets Equity Research team or asset allocations provided by Janney's Investment Strategy Group (ISG).

Janney Financial Advisors must meet minimum qualifications to manage Client portfolios under the Compass Program. A committee led by the Wealth Management Department reviews each Financial Advisors' application in light of the criteria and determines whether a Financial Advisor should be approved to participate in the Compass Program. These criteria may include: (1) a minimum level of securities industry experience; (2) completion of an appropriate investment management course and/or receipt of certain designations (including CFA, CFP, and AWMA); and (3) no significant disciplinary matters.

Minimum Investment

The minimum initial investment for an account in the Compass Program is \$50,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Compass Program is \$100. The minimum annual fee is applied pro-rata during each calendar quarter.

Investors Select

Under the Investors Select Program, a Janney Financial Advisor will provide investment advice and manage the Client account on a discretionary basis. The Investors Select Program is available for those clients that require individualized discretionary services, such as those clients who work for other financial industry firms that prohibit their employees to hold securities accounts at Janney unless the account(s) is managed by a Janney Financial Advisor or a Third-Party Manager on a discretionary basis. A Janney Financial Advisor will assist the Client in selecting an investment strategy through the Client's stated investment objectives and risk tolerance. Janney will execute recommended securities transactions on the Client's behalf with full discretion.

Minimum Investment

The minimum initial investment for an account in the Investor Select Program is \$50,000, which may be waived in Janney's sole discretion.

Minimum Fee

The minimum annual fee payable for an account in the Investor Select Program is \$100.

ADDITIONAL INFORMATION ON FEES AND COMPENSATION

Unless otherwise stated, the below disclosures apply to all Programs.

Clients generally pay an annual Advisory (wrap) fee based on a percentage of assets in their Program account(s). The fee schedule set forth in this Brochure represents the maximum rate that may be charged. Actual fees to be charged, minimum account sizes and other factors relating to specific Client accounts

may be negotiated. Each Client should check with his or her Financial Advisor as to the negotiability of these applicable factors. A Client may pay more or less than a seemingly similarly situated Client, depending on the circumstances of the relationship.

When selecting Programs, Clients should also consider the amount of anticipated trading activity in assessing the overall cost of the Program. In certain cases, the total charges that Clients may pay in Advisory fees may be higher than the commissions that could have been charged for brokerage-only services. Clients should consider the value of the advisory services provided or to be provided under each Program when evaluating fees or the appropriateness of the Advisory account in general. The Program selected may cost more or less than purchasing the services separately. The factors that could influence the cost include the size of the Client account, the frequency of trading, the type of securities traded, and the potential commissions generated.

Account Service Charges and Fees

Client accounts held at Janney are subject to various Account Services Charges depending upon the account services selected by the client. These account services include, but are not limited to, delivery of checkbook requests or check disbursements, the processing of outgoing full or partial account transfers, prepayments to cover the cost of securities distributed from an account prior to settlement of a trade, and service charges for insufficient funds or securities that were not received for a trade by settlement date. All Janney households are subject to an annual Household Service Fee that may be waived if the overall household relationship meets certain criteria such as eDelivery enrollment by way of Janney Online Access for all household accounts, a household asset value of at least \$250,000 or participation of no less than 80% of a household's asset value in any of Janney's investment advisory programs. Janney defines a household as a group of accounts with the same mailing address or Social Security Number or Taxpayer Identification Number serviced by the same Financial Advisor ("FA") or FA Team. Certain accounts, such as an ERISA retirement plan account, are not eligible to be included in a household. Additionally, IRA accounts will only be assessed the household service fee if it is the only account in the household or one of multiple IRA accounts in a household with only IRA accounts. If there is more than one IRA account in a household subject to the household service fee, each account will be assessed a prorated fee (i.e., \$50 each for households with two IRA accounts). Please visit the "Service Charges & Fees" page of www.janney.com for further information on Account Services Charges.

Non-Billable Assets

Clients may request that Janney make certain securities in the Account non-billable, which will be subject to Janney's approval in its sole discretion. The ability to hold assets as non-billable may be limited by account type. Generally, any assets designated as non-billable upon a Client's request will not be managed by Janney or Client's Janney Financial Advisor. However, such assets will be included in the calculation of account performance unless otherwise indicated or agreed to. Establishing a change in one non-billable security does not cancel or change the status of other non-billable securities.

Fees and Expenses Associated with Step-Out Trades and Third-Party Managers

Third-Party Managers with investment discretion over Janney Program accounts are permitted to execute trades with broker-dealers other than Janney. As such, they may determine to direct trades away from Janney (step-out trades) when they conclude, in their sole discretion, that they will get best execution for a particular transaction through another financial institution. Each Third-Party Manager is required to take into account and consider the execution costs that participating Clients will incur in connection with the proposed trade. Janney maintains a list of Third-Party Managers that have traded away from Janney

during the prior year. Please see www.janney.com, under the heading “Third-Party Investment Managers’ Trade Execution Practices,” for more information about step-out trading.

Annuities

For accounts invested in commission-based annuities, Janney and its Financial Advisors receive ongoing payments from insurance companies which are known as “trails.” The Client should consider any other charges and fees, including mortality and expense charges, administrative charges, investment management fees, and any applicable 12b-1 fees associated with the portfolio options. These charges and fees will reduce the value of the annuity position and your return on investment. If a rider or other optional feature is selected, there may be an additional cost. When a Client invests in an advisory based annuity, the asset is included in the assets under management when calculating the advisory fee. The Financial Advisor does not receive payments from the insurance company in the form of commissions or trails.

Janney and our Financial Advisors may also receive other forms of compensation that do not directly affect the amounts our clients are charged for annuity transactions, including revenue sharing arrangements and promotional assistance. These forms of compensation are meant to cover a variety of initiatives and expenses incurred by Janney, including expenses associated with marketing annuities to investors, educating Financial Advisors, and performing administrative services for clients. Insurance companies may also enter into revenue sharing arrangements with Janney in connection with the distribution of their annuities through our Financial Advisors. Since not all insurance companies who distribute annuities through Janney elect to participate in a revenue sharing arrangement with Janney, there is a greater financial incentive to promote those insurance companies that do offer additional compensation.

Under a revenue sharing arrangement, an insurance company will agree to pay Janney a portion of the revenue generated from the sale of annuities in clients’ accounts. When Janney enters into a sales-based revenue sharing arrangement with a particular insurance company, Janney typically requests a fee equivalent to .20% of the participating insurance company’s gross sales made through Janney during a given timeframe. The revenue share payments vary by insurance company and are based on an annual percentage of new or gross sales ranging from 0.10% (10 bps) to 0.20% (20 bps). Our Financial Advisors do not directly share in the fees received by Janney pursuant to its revenue sharing arrangements.

The revenue share payments to Janney are from the insurance company or its affiliate and are in addition to commissions received. No revenue sharing payments are received with respect to group annuities held by retirement plans maintained on the annuity provider’s recordkeeping platform.

Janney and its Financial Advisors also receive non-cash compensation from insurance companies such as occasional nominal gifts, meals, tickets to sporting events or other comparable entertainment, or payment or reimbursement in connection with conferences or meetings held for the purpose of training or educating clients, prospective clients or Financial Advisors. Receipt of non-cash compensation or promotional assistance presents an incentive to recommend products based on the compensation received, rather than on a Client’s needs. We address this conflict by maintaining policies limiting gifts and gratuities and disclosing this conflict to Clients.

Margin

Depending upon the Program that the Client selects, Clients may use margin (borrowing money to buy securities) in Program accounts when Janney has approved such margin capability. Any margin fees incurred will be in addition to any fees charged to the Client under the Investment Advisory Agreement. While the Janney Financial Advisor generally does not receive compensation from margin interest charged, any margin balance is included in the calculation of the advisory fee. If credit is extended to a Client, Janney will receive additional compensation in connection with the Client's margin account balance. Therefore, a conflict exists between the Client's interest and the interests of Janney and Janney Financial Advisors when purchasing securities on margin. Janney has procedures in place to ensure that any recommendation to incur a margin balance with respect to a Program account by a Janney Financial Advisor is in the best interest of the Client. Janney reserves the right to debit Client's margin account for any unpaid fees, including fees incurred pursuant to the Advisory Agreement. More information about margin accounts is available at www.janney.com.

Short Positions

For the purpose of billing short option positions in Program accounts, Janney values the absolute value of short option position(s) when considering the billable value of the account(s) which means that a Client will be charged on the market value of the underlying securities sold short rather than on the difference between the price at which the underlying securities were sold and the current value of those securities. For purposes of determining the asset-based fee on options, the absolute value of the current market price of the option will be used.

Cash Management Program

Advisory accounts that participate in Janney's cash management program will participate in a Federal Deposit Insurance Corporation ("FDIC") insured cash sweep program. Discretionary Advisory accounts will receive the highest interest rate available at the time of investment regardless of household balance. Janney is compensated based on the difference or "spread" between the interest rate paid by the bank on the amounts deposited in the deposit account and the rates that Janney offers to Clients. Discretionary advisory accounts for IRAs that participate in the insured cash sweep program receive a different interest rate from other account types. The interest rate on these accounts is determined by the amount a program bank is willing to pay minus the fees paid to Janney and other parties. Janney receives a level monthly fee for each account which is administratively managed to be no less than \$0.50 and no more than \$12.00 per account. If Janney does not receive sufficient payments each month from program banks in accordance with its fee schedule, Janney reserves the right to debit the relevant Client account for the amount of any shortfall.

Additionally, Janney receives a monthly fee from Dreyfus Service Corporation ("Dreyfus") and Federated Securities Corp. ("Federated") for distribution and shareholder services provided by Janney. The fee is based on a fixed percentage rate applicable to Janney clients' investments in certain Dreyfus and Federated money market funds. The fee reflects any 12b-1 and related fees paid by the funds to Dreyfus. The fee paid to Janney, in part, will defray the various costs of offering the program to Janney customers, including those associated with (a) program features, such as the daily sweep arrangement, purchases, redemptions, dividend reinvestments and transfers; and (b) money fund investments, including subaccounting, statement preparation and distribution, distribution of program materials and responding to investment-related inquiries. These Dreyfus and Federated money market funds are not eligible for purchase by Advisory accounts due to the presence of 12b-1 fees. Janney makes available to eligible Advisory ERISA and IRA clients a Dreyfus institutional share class money market fund from which Janney

does not receive compensation. Janney Financial Advisors are not compensated by Janney on these investments.

Additional information about the cash sweep program is available on the “Cash Management Account Agreements & Disclosures” page at www.janney.com.

Pooled Investment Vehicles Fees/Costs

Investment advisory accounts that hold shares of mutual funds (including money market funds), closed-end funds, exchange-traded funds, unit investment trusts, hedge funds, private investment partnerships or other investment companies or investment pools (collectively, “funds”) include the value of these assets when calculating the applicable account fees. In addition to account fees and expenses, Client assets invested in funds are subject to other fees and expenses as described in the funds’ prospectuses or offering document payable by the fund, including the management fee, dealer concessions, shareholder or administrative service fees, distribution fees, and other operating expenses. As a result, Clients are bearing, indirectly, a portion of any investment management and other expenses paid by a fund including payments to Janney and its affiliates in addition to any advisory account fees.

Janney, and in some cases its Financial Advisors, receives compensation for the sale and retention of securities or mutual funds, including ongoing distribution (“12b-1”) fees, administrative fees, shareholder servicing, marketing support (revenue sharing) payments, data sharing arrangements and networking reimbursements from mutual funds (or their sponsors) in which a Client’s assets are invested, where permitted under applicable law. These forms of additional compensation are meant to cover a variety of initiatives and expenses incurred by Janney, including expenses associated with marketing mutual funds to investors, educating Financial Advisors, and performing administrative services for clients. Since Janney and its Financial Advisors do not receive these forms of additional compensation from every mutual fund family with which we do business, we have a greater financial incentive to promote those fund families that do offer additional compensation. The Wealth Management Department, when reviewing and recommending allocations to mutual funds and other funds does not take into consideration whether the firm has a revenue sharing agreement with such fund or its manager or whether the firm receives other compensation from such funds.

Janney generally limits the mutual fund share classes that are available for purchase in investment advisory accounts. The purpose of restricting the share classes that can be purchased in investment advisory accounts is to prevent clients from having to pay a front-end sales charge or a contingent deferred sales charges on their mutual fund purchases as well as avoid having to pay ongoing distribution (12b-1) fees on their mutual fund positions.

Upon approval ~~pf~~[of](#) the mutual fund to the Janney platform by Wealth Management, Janney evaluates and will make available fund share classes that do not charge a 12b-1 fee, include a sub-transfer agency fee (“Sub-TA Fee”) and are available for purchase on the mutual fund trading platform of Charles Schwab & Co. (“Schwab”). Janney will not select share classes that charge 12b-1 fees as part of its advisory programs even if such share class is the only means by which Janney can collect Sub-TA Fees from the mutual fund. In those instances, Janney will avoid the selection of the share class that charges 12b-1 fees and will chose an appropriate investment option that does not collect Sub-TA Fees. This means that Janney will not [generally](#) select the lowest cost share class for which the program is eligible (because there could be a less costly share class that does not charge Sub-TA Fees). Over time all mutual funds typically

adjust their share class expenses and Clients should be aware that they may be able to purchase a less expensive share class elsewhere.

Because Janney receives compensation from the Sub-TA Fees and other administrative services fees in the mutual fund shares classes that it makes available to clients in its investment advisory programs, Janney has a financial incentive to recommend to clients these share classes that will increase the revenue paid by the mutual fund families to Janney. In many instances, purchases of these share classes would cause clients to pay higher costs relative to other share classes that are made available by the fund families. This is a conflict of interest [for the firm](#). Janney Financial Advisors, however, do not share in the revenue derived by Janney's receipt of Sub-TA Fees and the other administrative service fees in terms of their compensation.

In the instance that Janney or its Financial Advisors recommend a mutual fund that pays a 12b-1 fee because a non 12b-1 fee share class is not available, the mutual fund will be held in the "non-billable" portion of a Client's account so that the investment advisory fee charged to that Client will not include the value of the assets held with respect to such fund.

In the Internal Portfolio Management Programs, where a Client has a pre-existing mutual fund position that will continue to be held in the account, such position will not be assessed the asset-based fee where the position meets certain parameters. For example, Class B shares and Class C shares of mutual funds will not be included when calculating the investment advisory fee while the asset is held in the account. Class C shares that are within the contingent deferred sales charge ("CDSC") period will be converted to a permitted advisory share class at the close of the CDSC period. Any mutual fund that charges a 12b-1 fee, when a share class of the same fund that does not charge a 12b-1 fee is available, will be converted to the non-12b-1 fee charging share class and assessed the asset-based fee. However, when mutual fund shares of one class convert to shares of another class, Financial Advisors will be paid 12b-1 fees for a period of time (generally no more than 10 days) before the share conversion settles.

Janney Financial Advisors, consistent with the firm's practices, also receive non-cash compensation and other benefits from mutual fund companies or other managed product sponsors with whom Janney does business. Such non-cash compensation includes invitations to attend conferences or educational seminars sponsored by mutual fund companies or their advisers or distributors, payment of related travel, lodging and meal expenses, and receipt of gifts and entertainment. Receiving non-cash compensation presents a conflict of interest and gives Janney and its Financial Advisors an incentive to recommend investment products based on the compensation received, rather than on a Client's needs. Janney addresses this conflict by requiring Financial Advisors to adhere to their fiduciary duties to make recommendations in the best interest of their clients in addition to maintaining policies limiting gifts and gratuities and disclosing this conflict to Clients. Clients should review all mutual fund prospectuses and other offering documents for further explanation.

From time to time, a Client may choose to move their brokerage account to one of Janney's wrap fee advisory programs. In the event a Client incurs a commission charge (or a front-end sales load on mutual fund shares) on the purchase of a mutual fund share class within 30 calendar days of becoming an investment advisory account, the Client will be rebated the commissions (or sales loads) at the time of account setup into the advisory program. The corresponding transactions will not be canceled and will be assessed the asset-based fee associated with the account.

In addition, certain funds in which Client assets are invested trade securities through our firm's institutional brokerage group, including both fixed and equities securities. As a result, the firm receives a benefit from such trades in either the commission paid for agency trades or the mark-up for principal trades. The firm's policy is to not recommend or use discretion to place investment advisory Client assets in these funds simply because the managers for such funds may execute trades through Janney. In addition, funds typically have their own policies prohibiting the fund's manager from executing trades with a brokerage firm based on the amount of assets that firm's Clients have invested in such fund. Please see the "Mutual Funds Disclosure" section of www.janney.com for further information.

Fully Paid Securities Lending

Certain Clients may enter into a Fully Paid Securities Lending Program ("Program"). Clients participate in the Program under a Master Securities Lending Agreement ("Agreement"). The Program offers Clients an opportunity to earn fees by lending Client's fully paid securities to Janney under the terms of the Agreement. Janney earns a fee for its services to the Program, which is described in the Agreement. The fee that the Client earns through the Lending Program is calculated at 50% of the loan rebate at which Janney borrows the Client's shares, and Janney retains the remaining 50% of the loan rebate as compensation for its services to the program.

Miscellaneous Fees

In addition to the investment advisory fees, a Client may also incur other charges with respect to its advisory account including, for example, (i) any dealer-markups and odd lot differentials; (ii) transfer taxes; (iii) Section 31 fees imposed by the Securities Exchange Act of 1934, as amended ("Exchange Act"), on securities exchanges and self-regulatory organizations (or other SEC fees, as applicable), which are paid by broker-dealers such as Janney, and which Janney in turn elects to pass on to its customers; and any other charges imposed by law with regard to any account transactions; (iv) margin interest and operational fees and charges; (v) offering discounts, and commissions and related fees in connection with underwritten public offerings of securities; (vi) IRA fees; (vii) any redemption fees, exchange fees, or similar fees imposed in connection with any fund transaction; and (viii) per trade transaction charges as described in the applicable investment advisory agreement.

Unit Investment Trusts

Janney receives compensation from UIT sponsors and providers in the form of marketing or concession payments calculated as a percentage on the amount of assets invested in each UIT series. That percentage typically increases as higher sales volume levels are achieved. Accordingly, the receipt of such compensation provides Janney an incentive to recommend UITs that provide greater levels of compensation. Janney will not receive additional concession on sales of UITs in advisory accounts but UIT asset levels in advisory accounts are included in determining whether the sales volume has been met.

Third-Party Research

Janney may pay, out of its own resources, third-parties for quantitative or fundamental research and other information that may be used in managing Client accounts. There is no increased costs to Clients in connection with such payments.

Tax Liabilities

Clients are responsible for all tax liabilities arising from account transactions, including transactions resulting from Client instructions regarding rebalancing, automatic withdrawal or automatic contribution instructions. Clients who are not residents of the United States may experience additional adverse tax

consequences. Additionally, upon account opening, Janney may recommend that a Client sell, exchange, or redeem securities either initially or during the course of management of the Client account. The Client will be responsible for any tax or other liability resulting from the sale of such securities. Janney does not provide tax, accounting or legal advice. Clients should seek the advice of their own tax advisor regarding the tax implications of investing in any of the Programs described in this Brochure.

Client Imposed Restrictions

Clients may impose investment restrictions under Janney's Programs by notifying us in writing of the type of restrictions they wish to impose on their accounts. Under certain Programs, the Client may also restrict certain assets from being sold out of the Client's account by notifying us in writing, and in all Programs a Client may restrict securities purchases in certain asset classes by notifying us in writing. Such restrictions are subject to the specific approval of any relevant Third-Party managers in their sole discretion.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Janney offers investment advisory services to a broad range of individual and institutional Clients including, but not limited to, individuals, families, trusts, estates, corporate and non-corporate entities, retirement plans, pension plans, profit-sharing plans, and government entities. Janney requires a minimum initial investment to open a Program account which varies depending on the Program. The following chart sets forth the initial minimum investment by Program.

Program	Minimum Initial Investment
<i>Professional Money Management</i>	
Adviser's	\$100,000*
Adviser's MSP	\$150,000*
Classic	\$100,000*
Janney Capital Management Direct	\$100,000

<i>Asset Allocation</i>	
Keystone	\$25,000
ETF Advantage	\$25,000
Goals-Based Portfolio Solutions (GPS)	\$5,000
Pioneer	\$25,000

<i>Internal Portfolio Management</i>	
Partners	\$10,000
Compass	\$50,000
Investors Select	\$50,000

*The initial minimum investment amount required for select strategies in the Pioneer, Adviser's, Adviser's MSP and Classic Programs may be lower or higher than the Program minimums required by Janney for an

account. Janney may waive, in its sole discretion, the initial minimum investment required by Janney for an account. A Third-Party Manager may have a higher minimum investment depending on the strategy selected. Advisors MSP must meet the minimums for each sleeve of the account.

PORTFOLIO MANAGER SELECTION AND EVALUATION

Janney Wealth Management Research is responsible for the initial research & due diligence as well as the ongoing monitoring of all model-based and manager traded strategies at Janney. All Separately Managed Accounts (“SMAs”) and Unified Managed Account (“UMA”) strategies available at Janney are actively monitored either internally by WM Research or by an independent third-party vendor. All SMA and UMA strategies undergo an initial and ongoing due diligence process.

Strategy Identification

SMA and UMA strategies are identified through a number of different sources, including third-party investment analysis databases, client recommendations, trade journals, industry conferences, as well as personal and professional networks. All SMA strategies available on the Janney platform are labeled as either Recommended or Approved. Recommended strategies are backed by WM Research’s highest conviction and are published on the SMA/UMA Monitor. The starting universe for investment strategies considered for inclusion on the SMA/UMA Monitor is the Morningstar Direct database, which houses information on over 1,300 investment advisors and 6,000 investment strategies. Approved strategies have met basic due diligence standards. All SMA strategies receive the same treatment from an ongoing due diligence perspective and are reviewed at least quarterly.

Initial Criteria

An initial review of an investment strategy includes, but is not limited to, the following criteria, which is intended to represent the most basic due diligence requirements*.

- Minimum of \$100 million in firm assets under management
- Minimum of 3 investment professionals at the firm
- Minimum of a 3-year track record illustrating the investment manager’s ability to manage a portfolio in the same or similar fashion as the product under consideration
- Consistency of style, philosophy, process, and risk-adjusted returns
- Reasonable fee structures
- Verifiable, reputable service providers

**These criteria will serve as a guide and may vary depending on the reviewed strategy*

Initial Evaluation

WM Research reviews the performance of a strategy with the goal of understanding how it is likely to behave throughout different points in the market cycle as evidenced by historical data. This involves close examination of both absolute and relative returns versus the style benchmark and peer returns, taking long-term performance into account but emphasizing the 3- and 5-year rolling time frames. Risk-adjusted performance is crucial in this evaluation. The use of various risk-adjusted measures allows the team to study the returns of recommended managers relative to the various layers of risk investment to which portfolios are subjected. Some of these risk metrics include, but are not limited to, systematic risk

(beta), absolute volatility (standard deviation), downside volatility (downside deviation) and active risk (tracking error).

On a qualitative basis, WM Research reviews the following key areas of a strategy:

Firm Characteristics:

- The firm's size, assets under management, years in business, infrastructure, ownership, and service capabilities.
- Whether the firm has a business plan which outlines its strategic direction, including future growth and succession plans.
- If management incentives are in line with investors objectives.
- The policies and procedures the firm has in place to address and limit the impact of conflicts of interest.

Management personnel:

- The professional background, education, tenure, and experience of personnel making the investment decisions, as well as other departments within the firm such as Compliance, Operations, and Trading.
- Whether the investment professionals are transparent and accessible.
- Whether the compensation of the investment professionals align with the interests of investors.
- If the structure and geography of the team members promote effective communication and idea sharing.

Philosophy & Process:

- Presence of an explainable, understandable philosophy that states the manager's long-term investment goals.
- If and how the manager intends to add value.
- Whether there is a clearly defined market inefficiency the manager seeks to exploit and if there is a repeatable investment process in place.
- If the investment manager's process has a strong buy/sell discipline to support the philosophy and if the manager has adhered to this discipline over time.
- Whether the manager's philosophy has proven successful through performance and risk metrics.

Progress:

- How the strategy/product has evolved over time.
- What changes, if any, the team has made to the philosophy and process in response to evolving market conditions and the lessons learned.

Positioning:

- Where the product fits within the firm's offerings and the amount of attention and resources it is likely to garnish.
- How the strategy compares to its peers and the value that it could bring to the existing product lineup on the Janney platform.
- How the strategy complements existing recommended strategies.

On-going Research

On a recurring basis, but no less than quarterly, WM Research, in conjunction with a third-party investment consultant, assesses the qualitative characteristics referenced above and conducts a quantitative performance review to ensure the timely delivery of information to Janney's existing or potential investors. Formal updates on Recommended or Approved strategies will be published when performance falls out of line with expectations or when there has been a meaningful change in process that can reasonably be expected to impact performance in the future.

Mutual Fund Product Due Diligence

All mutual funds available for sale at Janney are assessed using certain initial criteria set forth by WM Research before they are added to the Janney platform. WM Research may vary the initial criteria depending on certain factors of the mutual fund however, it typically includes, but is not limited to, length of active management, amount of assets under management and also incorporates independent third-party product analysis. On a semi-annual basis all mutual funds available on the Janney platform are re-evaluated according to the initial criteria. Funds that fail to meet the due diligence standards are moved to a liquidation only status and will be closed to new investments until they meet the due diligence standards during a subsequent semi-annual review. Although new purchases are not permitted in mutual funds that fail to meet the aforementioned criteria, it's important to note that Janney does not force liquidation of existing positions and continues to accept incoming transfers of these funds.

Alternative Investment Due Diligence

Due to the differences in product structure and corresponding legal implications, alternative investment products often require a more stringent gathering of product and firm documentation to be permitted for sale, when compared to mutual fund or managed account products. In addition to the evaluations conducted by WM Research, Janney utilizes an independent third-party vendor to assist in the selection of its alternative investment product set as well as the initial and ongoing due diligence reviews. Initial due diligence includes, but is not limited to, the review of:

- audited financial statements for the fund and/or historical information from previously managed funds;
- private placement memorandum;
- relevant marketing materials;
- quantitative data (i.e., monthly performance, exposures, etc.);
- the availability of professional contacts to provide references including fund auditor, lawyer, administrator and clients; and
- LP/LLC agreements and subscription documents.

On an on-going basis, WM Research receives and reviews product performance as well as the qualitative and quantitative characteristics referenced above to ensure the alternative investment is meeting minimum standards for inclusion on the platform. If performance falls outside of expectations, WM Research contacts the product's management to better understand the reasons for the deviation from expectations.

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

When a Client selects a Third-Party Manager, Janney provides information about the Client to the Third-Party Manager to ensure the Client's investment objectives are addressed. The Client information sent to an unrelated Third-Party Manager includes: (i) the investment advisory contract signed by the Client; (ii) current Client account holdings; and (iii) certain Client information such as name, address, and tax identification number. Janney will update this information with the Third-Party Manager on an as-needed basis. Janney maintains separate agreements with Third-Party Managers recommended under the Adviser's Program. These separate agreements require Third-Party Managers maintain confidentiality of Client information.

CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients are permitted and encouraged to contact their Janney Financial Advisor at any time with questions about their account. If a Client utilizes a Third-Party Manager, the Third-Party Manager may be contacted through the Client's Janney Financial Advisor, who will make arrangements for a consultation. Under the Classic Program, Clients have contracted separately with the Third-Party Manager and arrange their own contact with the Third-Party Manager.

ADDITIONAL INFORMATION

Disciplinary Information

Details of Janney's disciplinary information are described in more detail in Part 1 of its Form ADV, available on the SEC's website at www.adviserinfo.sec.gov. Consistent with the requirements of Form ADV Part 2A, please find information regarding the following disciplinary matters.

On May 6, 2009, Janney entered into an Acceptance, Waiver and Consent agreement ("AWC") with FINRA. Without admitting or denying any findings by FINRA, the firm agreed to a \$200,000 monetary sanction with respect to certain Client transactions involving auction rate securities ("ARS"). The firm currently does not purchase ARS for Client accounts and has taken steps beyond those required by regulators to ensure that Clients were not harmed by the developments negatively impacting the ARS marketplace.

On November 3, 2010, Janney entered into an AWC with FINRA. Without admitting or denying any findings by FINRA, the firm agreed to a \$175,000 monetary sanction with respect to its failure to establish certain elements of an adequate anti-money laundering program, failure to follow procedures designed to prevent a supervisor or their subordinate from approving the supervisor's activities, failure to approve and maintain records of certain marketing and media activities, failure to document the review of certain discretionary option activity, and the failure to maintain certain records.

On July 12, 2011, Janney entered into an AWC with FINRA. Without admitting or denying any findings by FINRA, the firm agreed to a \$850,000 monetary sanction with respect to its failure to establish, maintain and enforce policies and procedures reasonably designed, taking into consideration the nature of its business, to prevent the misuse of material nonpublic information pursuant to Section 15(G) of the Exchange Act.

In May 2015, the firm self-reported that some eligible customers had not received available sales charge waivers. As a result, the firm estimates that eligible customers were overcharged by approximately \$1,030,235 for mutual fund purchases made between July 1, 2009 and June 24, 2015. As part of this settlement, the firm agrees to pay restitution plus interest.

On February 2, 2016, Janney consented to the entry of an SEC order. Without admitting or denying any findings, the firm agreed to a \$500,000 monetary sanction with respect to the firm's self-reporting of antifraud provision violations and inadequate due diligence in connection with the underwriting of certain municipal securities offerings pursuant to Section 15(C)2-12 of the Exchange Act.

In June 2018, the firm voluntarily self-reported that some customers eligible to purchase mutual funds which did not charge 12b-1 fees did not receive the available less expensive share class. As a result, the firm estimates that eligible customers were overcharged by approximately \$253,923 for mutual fund purchases made since January 1, 2014. As part of this settlement, the firm agrees to pay restitution plus interest, as well as to review its related disclosures and procedures. The firm has had procedures in place intended to address this issue for more than a decade.

On March 12, 2019, a verdict was entered against Janney and its Financial Advisor in an interfamilial civil proceeding related to distribution of beneficiary assets upon a client's death. The final order has not yet been entered, but the final sum assessed to Janney will be in excess of \$2,641,909. Janney believes the deceased client's instructions regarding the distribution of his assets were properly followed and this matter will continue to be defended through appeal.

On March 21, 2019, Janney entered into an AWC with NASDAQ. Without admitting or denying any findings by NASDAQ, the firm agreed to a fine of \$27,500 with respect to its failure to maintain a continuous two-sided trading interest during regular market hours at prices within certain percentages away from the national best bid or offer (NBBO) between 2015 and 2017.

Other Financial Industry Activities and Affiliations

Janney is registered with the SEC as a broker-dealer, a municipal adviser under the Exchange Act and as an investment adviser under the Advisers Act. Janney Financial Advisors are registered as both registered representatives for brokerage related services and investment advisory representatives for investment advisory related services. Janney may provide advice and take action as performing the actions of an investment advisor with accounts in various investment advisory services/programs. Janney also may not be free to divulge or act upon certain information in our possession on behalf of investment banking or other Clients. Under certain investment advisory programs, Janney may buy or sell securities of issuers that may also be investment banking clients or brokerage clients. Any decisions to buy or sell such securities are made independent of any investment banking or any other relationship with Janney and Janney Financial Advisors do not participate in the investment banking services or other services provided to such Clients. Additionally, many Third-Party Managers recommended by Janney are also Clients of Janney in its capacity as a broker-dealer.

Janney is a licensed insurance agency and certain Janney Financial Advisors are also licensed insurance agents. In this role, Janney offers insurance products to its Clients. In addition, as it relates to the financial planning services described above, Janney also provides advice from time to time with respect to insurance matters. Certain insurance products recommended by Janney Financial Advisors may be issued or sponsored by Janney's parent company, The Penn Mutual Life Insurance Company. Janney does not

receive any special or additional compensation for recommending Penn Mutual products over another product vendor outside of the typical compensation disclosed in this document.

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

Janney has adopted an Investment Advisory Code of Ethics (the “Code”) that provides firm employees with detailed guidelines governing their conduct including, but not limited to, the conduct of business with Clients, knowledge and enforcement of conflicts of interest, compliance with state and federal statutes, laws and regulations, personal trading activities and possession and actions with regard to material non-public information. Janney will provide a copy of its investment advisory code of ethics to any Client or prospective Client upon request.

Employees of Janney are permitted to invest in the same securities that Janney recommends or buys or sells for Clients. The conflict presented by this practice could lead to an employee purchasing or selling a security in advance of a Client and receiving a better price. Personal securities transactions by Janney Financial Advisors are subject to the restrictions and procedures set forth in Code. Under the Code, when a Client trade and a Janney Financial Advisor trade occurs on the same trade day and in the same security, the Client will receive an equal or better price than received by the Janney Financial Advisor. The Code provides for limited exceptions to this policy, which are subject to approval by the Compliance and/or Legal Department. Janney Capital Management personnel are subject to certain trading restrictions designed to mitigate conflicts of interest. These restrictions include holding periods for securities and a prohibition from purchasing initial public offerings.

Principal Transactions

Janney may execute trades on a principal basis in Partners Program accounts, consistent with the requirements of an exemptive order issued by the SEC to Janney (Rel. No. IA-4860) and other applicable law or regulation. A principal trade occurs when Janney purchases (or sells) a security directly from (or to) Client accounts from Janney’s inventory rather than a third party. Janney also acts as principal in riskless principal transactions. Riskless principal transactions refer to transactions in which Janney, after having received a client’s order to buy (sell) a security, purchases (sells) the security as principal at the same price to satisfy the order to buy (sell).

A conflict of interest exists when Janney executes trades on a principal basis for Client accounts. Janney may realize profits from principal transactions with clients based on the difference between the price Janney paid for the security and the price at which Janney sold the security, which may include a markup, markdown or spread from the prevailing market price, or selling dealer concession. Janney also has a conflict when pricing securities it sells to Clients on a principal basis. For example, when selling a security on a principal basis to a client, Janney has an incentive to sell at the highest price possible, while the client is looking to purchase the security at the lowest price possible. Similarly, Janney has incentive when purchasing securities from clients to buy at the lowest price possible while the client is looking to sell at the highest possible price. In addition, other potential conflicts of interest include the incentive Janney has to sell securities to a client because Janney does not wish to hold the securities in its own inventory. Janney’s interest in receiving compensation conflicts with its duty to seek the best execution for a client.

Janney mitigates these conflicts by disclosing conflicts to the client, following firm pricing policies, and performing ongoing monitoring and surveillance of principal trading activity. Where a commission, concession, or mark-up is received by the Janney Financial Advisor when engaging in a principal trade

under the Partners Advisory Program, the firm will rebate the client an amount equal to any sales compensation. When Janney executes securities transactions, including principal transactions, Janney is subject to a duty of best execution and will execute transactions consistent with its fiduciary responsibilities.

Janney will obtain a Client's written consent prior to executing a trade on a principal basis. Clients who consent to principal trading in their accounts will be verbally informed before execution of the principal trade the capacity under which Janney is acting. Janney also will disclose on trade confirmations for each principal trade that Janney acted as principal in connection with the transaction. Clients will receive an annual report detailing each principal trade in the Client's account over the previous year. Janney will also provide additional information about principal trades upon Client's request. The Client may revoke the authorization for Janney to engage in principal trades at any time by providing written notice to Janney.

Review of Accounts

Janney reviews accounts on an ongoing basis for conformity with internal and Client guidelines for the particular investment strategy or Program. Janney Financial Advisors periodically review accounts to assess whether the investment strategies and investments are consistent with Client investment objectives and risk tolerance. The frequency of the reviews may vary by Financial Advisor, but all Financial Advisors are required to review an advisory account at least annually. The Financial Advisor's branch manager also provides supervision of the account activity. Clients are encouraged to ask their Financial Advisor about his or her practice for reviewing client accounts.

Clients generally receive quarterly portfolio performance reports for their investment advisory accounts via the MyJanney.com website. The default method for the delivery of portfolio performance reports is online but clients can opt to receive paper performance reports by enrolling in online access and updating their mailing preferences or by contacting their Financial Advisor. Clients will receive monthly brokerage/custodial statements when there is trading activity during the statement period. The statements contain holdings and net asset values, as well as gain/loss information and contribution and withdrawal activity.

Custodial statements from Janney include annual listings of all closed transactions in their accounts during each calendar year, as well as the offsetting cost of each transaction and, thus the realized gains/losses for each closing transaction.

Client Referrals and Other Compensation

Janney compensates unaffiliated third parties for Client referrals pursuant to a written agreement between Janney and each third-party ("Solicitor Agreement"). The Solicitor Agreement requires the solicitor to deliver to each solicited Client a copy of Janney's then current Brochure, as well as a separate disclosure statement complying with Rule 206(4)-3 under the Advisers Act, which sets forth the terms of the relationship between Janney and the solicitor. The solicitor will generally be compensated by receiving a portion of the Client fee received by Janney.

Janney Capital Management

For Janney Capital Management accounts (Janney Capital Management Direct, ETF Advantage and Keystone Discretionary) opened prior to January 2010, Janney Capital Management receives 10 basis

points (“bps”) of the Client fee with the remainder credited to the Janney Financial Advisors. (A “basis point” is one-hundredth of one percent). For example, if a Client using Janney Capital Management as the investment manager is paying a fee of 1.50%, then Janney Capital Management receives 0.10% and the Janney Financial Advisor is credited with 1.40% of the fee. Where an unaffiliated investment manager is selected, the manager receives a larger share of the Client fee than if Janney Capital Management is selected. An incentive, therefore, exists for Janney Financial Advisors to recommend Janney Capital Management based on this disparity in compensation. For accounts opened after January 2010, Janney Capital Management receives 0.25% of the Client fee, except for Keystone Discretionary and Ladder Fixed Income Strategies Program accounts, for which Janney Capital Management receives 0.15% of the Client fee.

Incentive Programs

From time to time, Janney may initiate incentive programs for Janney Financial Advisors. These programs may compensate them for attracting new assets and Clients and for promoting investment advisory services. Janney may also initiate programs that reward Financial Advisors who meet total production criteria, prepare financial plans, participate in advanced training, opening new margin balances and improve the Client experience.

Financial Advisors who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. Portions of these programs may be subsidized by external vendors and/or our affiliates. The firm has policies and procedures reasonably designed to ensure that the firm and its Financial Advisors act in the best interests of Clients.

Other Compensation from Third-Parties

Proxy Services

Janney has contracted with an unaffiliated third-party vendor, to distribute proxies, periodic reports, voting instruction information and offering documents for certain products to our Clients. Pursuant to the agreement between Janney and the unaffiliated third-party vendor, and in accordance with regulations, the unaffiliated third-party vendor charges the issuing company on behalf of Janney for these services. Janney receives a portion of the fees paid by the issuing company from the third-party vendor.

Omnibus Basis (Mutual Funds)

Janney processes its mutual fund transactions through an omnibus relationship with Charles Schwab. By consolidating our clients' trades into larger, less frequent daily trades with the fund, Janney is able to maintain all pertinent individual shareholder information for the fund. Trading in this manner requires Janney to maintain the transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes. We charge those funds with administrative service fees on average \$17 per year per client position. Because omnibus trading offers economies, for Janney and the funds that are greatest when daily trade volumes are high, Janney has sought to establish omnibus trading arrangements with the fund families that clients trade the most. This may create a conflict of interest in the form of an additional financial incentive and financial benefit to Janney.

Networked Basis (Mutual Funds)

Trading on a Networked Basis means Janney submits a separate trade for each individual client trade to the fund and therefore maintains only certain elements of the fund's shareholder information. To defray the cost of sending confirmations, statements and tax reporting, Janney receives networking reimbursements from certain mutual funds. These charges typically are based upon the number or aggregate value of client positions and the levels of service provided. On a networked basis, the fees range from \$3.00 - \$10.00 per client account per year, paid quarterly. Our Financial Advisors do not share in or otherwise receive any portion of the reimbursements or receive any direct economic benefit from these payments, and they are not required to recommend these funds.

Payment for Order Flow

Janney routes orders for execution to all principal exchanges and particular broker/dealers or market centers. Janney receives payment for order flow either in cash payment or in reduced clearing costs at the various exchanges. In all cases, orders are subject to price improvement from the national best bid or offer and all order in Reg NMS securities are never executed at less than the best bid or offer.

Financial Information

Janney does not have any information to report under this item.