

## MML Investors Services

### MMLIS Legacy Advisory Programs Part 2A of Form ADV: *Brochure*

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March 30, 2020

This brochure provides information about the qualifications and business practices of MML Investors Services. If you have any questions about the contents of this brochure, please contact us at 1-800-542-6767 Option 1,1. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MML Investors Services is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 10409.

MML Investors Services is a SEC registered investment adviser. Please note that registration does not imply a certain level of skill or training.

#### ITEM 2. MATERIAL CHANGES

March 30, 2020 Update: Items 4 and 14 have been updated to add information about MMLIS’ relationship with National Financial Services LLC (the clearing firm for the Program) (“NFS”), including information about the revenue from certain mutual funds and mutual fund share classes that NFS shares with MMLIS and the calculation of the fee MMLIS pays to NFS. The fee is based on the aggregate assets invested in accounts in the Program, excluding client account assets invested in NTF mutual fund shares, cash and cash equivalents. Item 4 has also been updated to include additional information about mutual fund share classes (including share class conversions) and Item 9 has also been updated to include information about the excess trading fee NFS charges MMLIS when trading in a client’s account exceeds a certain threshold.

Item 9 has been updated to include information about a settlement that MMLIS, in its capacity as a broker-dealer, entered into with FINRA in March 2020. FINRA made findings that the Firm failed to ensure that access to a third-party system was limited to only those former registered representatives of a company that was acquired by the Firm for whom access was agreed to be given. As a result, additional former registered representatives and associated persons of the Firm had access to the third-party system after the acquisition. Because MMLIS was unaware that these additional registered representatives and associated persons had access to the third-party system after the acquisition, the Firm did not notify the third party when those registered representatives and associated persons ceased to be associated with the Firm. As a result, the third-party did not timely shut off those former registered representatives’ and associated persons’ access to the third-party system. The third party system stored customer records and information, including nonpublic personal information. Without admitting or denying the findings, the Firm consented to a censure, a fine of \$75,000, and the entry of findings that it failed to prevent certain registered and associated persons who had been terminated from the Firm from continuing to access customer records and information, including nonpublic personal information, in violation of the SEC’s Regulation S-P and FINRA Rule 2010. This settlement does not relate to the advisory services described in this Brochure.

Item 14 has also been revised to provide updated information about the Firm’s Conference and Strategic Partner Programs. In addition, Item 14 has been revised to include information about the bank sweep option. If client rejects the cash sweep option selected by the Firm and elects the bank sweep arrangement as the cash sweep option for client’s account, MMLIS will earn fees on the amount of money in the bank sweep arrangement.

July 19, 2019 Update: This brochure has been updated to remove references to the Separately Managed Accounts Program.

June 27, 2019 Update: Item 4 has been updated to remove the Separately Managed Accounts Program which was merged with and into the SMA Select Program. Items 10 and 14 have been updated to reflect the sale of MassMutual's formerly affiliated asset management business, OppenheimerFunds, to Invesco.

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### ITEM 4. ADVISORY BUSINESS

MMLIS is a registered investment adviser and broker-dealer. MMLIS began conducting business in 1981 and has been registered as an investment adviser since 1993. MassMutual Holding LLC is the Firm's principal owner. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner.

**This Firm Brochure describes various advisory programs that are closed to new accounts.** Clients who already have accounts in these programs can continue to make subsequent contributions to their accounts. Each of the closed programs is described in a separate brochure that can be accessed through the SEC's website or by contacting a MMLIS representative.

#### Overview of the Advisory Services Offered by the Firm

MMLIS offers a number of asset management programs to clients consisting of asset allocation, flexible asset management and focused or completion strategies. In the asset management programs, MMLIS acts as either the sole adviser or co-adviser to clients. IA-Reps will assist each client in reviewing information about the programs, completing a client questionnaire to determine the client's risk tolerance, financial situation and investment objectives, and selecting an investment strategy. IA-Reps are available to clients on an ongoing basis to determine if there have been changes in the client's financial situation which may affect the appropriateness of the client's particular portfolio. Mutual funds in the programs may include mutual funds affiliated with MMLIS. Please refer to the following descriptions for information regarding these programs:

**a. Envestnet Asset Management Programs.** MMLIS has entered into an agreement with Envestnet Asset Management, Inc. ("Envestnet"), an SEC registered investment adviser, to offer the following programs as co-advisers to clients. In these programs, Envestnet provides ongoing investment management services on a discretionary basis that include the ability to adjust asset allocations, add, remove or replace securities in the account, and rebalance the account as it deems necessary. Envestnet also provides advice related to program design and support, including the structure and design of asset allocation portfolios and underlying investment research on Separately Managed Accounts ("SMAs"), which are portfolios of

individually owned securities managed by asset managers (“Sub-managers”), mutual funds, and Exchange-Traded Funds (“ETFs”) that may be available in these programs. Please refer to the Part 2A Appendix 1 of Form ADV prepared by Envestnet for additional information on these programs. National Financial Services, LLC (“NFS”) serves as account custodian for client assets in these programs.

1. **Unified Managed Account Program.** The Unified Managed Account Program (“UMA”) is an asset management program that allows clients, through IA-Reps, to create portfolios utilizing an investment strategy (“Strategy”) that is recommended based upon the client’s designated risk tolerance levels and corresponding asset allocations. The portfolios can consist of individual mutual funds, individual ETFs, and/or certain SMA Strategies or FSP Portfolios (“Investment Options”). The UMA is also available in a “Mutual Fund Only” version that contains portfolios consisting exclusively of one or more approved FSP-Mutual Fund Portfolios and/or individual mutual funds. Clients participating in the UMA will receive investment management services, underlying investment securities recommendations and rebalancing services.

Under the UMA, Envestnet provides portfolio overlay management services, including coordinating all trading and keeping client portfolios in balance with clients’ respective asset allocation strategies, as well as the ability to provide customized portfolios and tax sensitive portfolio management. Envestnet maintains full discretionary authority to, when it deems appropriate and without prior consultation with the client, make any and all investment decisions and to take any and all actions with respect to the Investment Options, to buy, sell, exchange, convert, liquidate and otherwise trade in any stocks, bonds, mutual funds, ETFs and other securities on behalf of such client accounts.

In addition, under the UMA, MMLIS, through an IA-Rep, recommends Investment Options to the client to fulfill the recommended Strategy. Each client portfolio may utilize asset allocation models suggested by Envestnet, or IA-Reps can build customized portfolios for their clients that deviate somewhat from Envestnet’s suggested asset allocations and concentrations subject to certain limitations. Clients in the program rely significantly on the skills and experience of the IA-Rep and his or her ability to select Investment Options within the risk tolerance, asset allocation and concentration parameters established for the UMA. IA-Reps utilize investment research provided by Envestnet and other third parties to recommend Investment Options to clients.

Upon the client’s approval of the recommendations, assets are invested in the selected Investment Options. Cash awaiting investment or reinvestment in the Investment Options may be invested temporarily in a money market fund or similar vehicle.

After the account is established, Envestnet will provide periodic rebalancing services so that the allocation of assets remains, within certain parameters, consistent with the selected Strategy. MMLIS, through the IA-Rep, may provide recommendations to clients about rebalancing Investment Options, purchasing Investment Options and/or selling Investment Options from a client’s account, but will instruct Envestnet to make account changes based on such recommendations only with the client’s prior approval.

Clients may choose a different Strategy at any time or impose reasonable restrictions on the management of the account by notifying MMLIS in writing.

2. **Fund Strategist Provider – Mutual Fund Only Program.** The Fund Strategist Provider – Mutual Fund Only Program (“FSP-MF”) is a non-discretionary program that provides clients with access to asset allocation models created by Sub-Managers consisting of mutual funds. Clients select one mutual fund asset allocation model for their account.

**b. Envestnet Portfolio Solutions Programs.** MMLIS maintains an agreement with Envestnet Portfolio Solutions, Inc. (formerly known as FundQuest, Inc.) (“Envestnet Portfolio Solutions”), a federally registered investment adviser, to offer the following programs. As noted above, MMLIS offers programs directly available through Envestnet Asset Management, Inc. (which is also owned by Envestnet, Inc.), in addition to those offered by Envestnet Portfolio Solutions. NFS serves as account custodian for client assets in these programs. Please refer to Envestnet Portfolio Solutions’ brochure, referred to as Part 2A of Form ADV for additional disclosures on these programs.

1. **Managed Asset Portfolio Program.** The Managed Asset Portfolio Program (“MAP Program”) is an asset allocation program in which MMLIS and Envestnet Portfolio Solutions serve as co-advisers. Portfolios include either no-load or

load-waived mutual funds. **As of August 1<sup>st</sup>, 2012, new accounts are no longer permitted to invest in ETFs within the MAP Program.**

Based upon information obtained from clients, MMLIS recommends a proposed asset allocation strategy and either mutual funds or ETFs to fulfill the strategy. Envestnet Portfolio Solutions provides ongoing investment management services on a discretionary basis that include the ability to adjust asset allocations, add, remove or replace mutual funds and ETFs in the account, and rebalance the account as it deems necessary so that the allocation of assets among the selected investments remains consistent with the selected asset allocation strategy.

2. Managed Asset Portfolio-ActivePassive Portfolios™ Program. The Managed Asset Portfolio-ActivePassive Portfolios Program (“MAP-ActivePassive”) is an asset allocation program investing in the ActivePassive™ Family of mutual funds. Envestnet Portfolio Solutions and MMLIS are co-advisers in the program. Envestnet Portfolio Solutions also acts as adviser to the ActivePassive mutual funds. Mutual funds will be purchased on a load-waived basis.

Based upon information obtained from clients, Envestnet Portfolio Solutions recommends a proposed asset allocation strategy and mutual funds from the ActivePassive mutual funds to fulfill the strategy. Envestnet Portfolio Solutions provides ongoing investment management services on a discretionary basis that include the ability to adjust asset allocations, add, remove or replace mutual funds in the account, and rebalance the account as it deems necessary so that the allocation of assets among the selected investments remains consistent with the selected asset allocation strategy.

In 2012, Envestnet Portfolio Solutions restructured the ActivePassive portfolios, closing the ActivePassive Fund allocations that formerly comprised the models within the program and replacing them with a combination of funds actively managed by Envestnet Asset Management, Inc. or one of its advisory affiliates and third party index mutual funds.

3. Managed Asset Portfolio-Unified Managed Account Program. The Managed Asset Portfolio-Unified Managed Account Program (“MAP-UMA”) is an asset allocation program that combines individual securities, mutual funds and ETFs in a single brokerage account. MMLIS and Envestnet Portfolio Solutions are co-advisers in MAP-UMA.

Based upon information obtained from clients, Envestnet Portfolio Solutions recommends a portfolio of individual securities, mutual funds and/or ETFs to fulfill the asset allocation selected. Envestnet Portfolios acts as the Overlay Manager for the assets in the account. Envestnet Portfolio Solutions has arrangements with certain other registered investment advisers who act as third-party providers of research services (“Research Providers”) within the MAP-UMA program. The Research Providers will provide Envestnet Portfolio Solutions, from time to time, securities recommendations, often in the form of model portfolios, so that Envestnet Portfolio Solutions may manage assets in accordance with a Research Provider’s recommendations.

Envestnet Portfolio Solutions provides ongoing investment management services on a discretionary basis that include the ability to adjust asset allocations, add, remove or replace Research Providers and mutual funds, ETFs and individual securities in the account, and rebalance the account as it deems necessary so that the allocation of assets among the selected investments remains consistent with the selected asset allocation strategy. Subject to certain guidelines, the client may transfer existing holdings into an account. Envestnet Portfolio Solutions may liquidate transferred holdings if they do not satisfy MAP-UMA requirements or if they are otherwise not consistent with the asset allocation. Please refer to the wrap fee program brochure, referred to as Part 2A Appendix 1 of Form ADV, prepared by Envestnet Portfolio Solutions for additional disclosures on this program.

**c. Mutual Fund Allocation Program.** MMLIS serves as sole adviser for this program, under which assets are invested in predetermined asset allocation models typically populated with Non-Transaction Fee (“NTF”) mutual funds that are selected from a diverse universe of NTF mutual funds available through NFS. MMLIS has contracted with Envestnet Asset Management to provide ongoing investment research and model portfolio management, as well as fee administration and performance reporting services. MMLIS has the discretion to adjust asset allocations, add, remove or replace securities in the account and rebalance the account as it deems necessary. NFS serves as the account custodian for client assets in this program.

**d. SEI Asset Management Program (CLOSED TO NEW ACCOUNTS).** The SEI Asset Management Program is an institutional mutual fund asset allocation program in which MMLIS is the sole adviser. Client assets are allocated among mutual funds in the SEI family of funds in the portfolio selected by the client; this allocation may be adjusted quarterly.

MMLIS is responsible for reallocating and rebalancing the investments within the investment portfolios and has limited discretionary authority for this purpose only. Clients grant MMLIS this limited discretionary authority by signing the investment advisory agreement. SEI Investments Management Corporation provides services to MMLIS regarding the structure and design of the portfolios and performs reallocation and rebalancing of investments within such portfolios on behalf of MMLIS. For participant-directed retirement plans, assets are invested in the SEI Asset Allocation mutual funds. MMLIS does not have any discretionary authority with respect to these accounts since reallocation and rebalancing services are performed at the mutual fund level.

**e. SEI Tax-Controlled Program (CLOSED TO NEW ACCOUNTS).** This program, in which MMLIS acts as a co-adviser with SEI, seeks to manage taxes through an individually managed U.S. Large Cap and/or Laddered Municipal Bond strategy in order to meet an investor's long-term goals of managing taxes while controlling risk. The individually managed U.S. Large Cap strategy may be combined with SEI Funds in a Completion Strategy. SEI provides investment management services for the individually managed strategy(ies); SEI may delegate its responsibility for selecting particular securities to one or more portfolio managers. If a Completion Strategy is being used, IA-Reps will recommend SEI Funds to complement the U.S. Large Cap strategy.

## **Other Program Information**

### **Mutual Funds**

Clients should understand that mutual funds generally offer multiple share classes depending on certain eligibility and purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), mutual funds may also offer institutional share classes and other share classes that are specifically designed for accounts that participate in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio or that a particular mutual fund company will allow all share classes to be available to MMLIS for the Program. In addition, only the mutual fund share classes that are available on NFS' platform are available in the Program. MMLIS will request that NFS add certain lower cost mutual fund share classes to its platform, as they are made available by particular mutual funds, if not already available on the platform.

While MMLIS generally seeks to obtain the lowest cost share class available, clients may not, at all times, hold the lowest cost share class available. As a general matter, MMLIS only makes one share class of a particular fund available for purchase at a given time. MMLIS will periodically review the universe of share classes that it offers in light of share classes that become available to MMLIS. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Program. MMLIS will then convert any holders of such mutual fund to the more favorable share class. MMLIS has discretion to change a client's share classes at any time, as it deems appropriate. There may be transitional periods when a more expensive share class of a particular fund is held within a client's Account prior to being converted to a lower cost share class. In addition, if a client would be charged a fee by the mutual fund company to convert to the newly available share class, or under other circumstances as MMLIS may determine, MMLIS may refrain from converting such client's share class.

The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. However, the Firm instructs NFS to rebate the 12b-1 fees directly to such client Account. Clients should contact their IA-Rep for more information about share classes.

### **Mutual Funds and Revenue Share from NFS**

NFS charges mutual fund companies a recurring fee to make their mutual funds available to broker-dealers that use NFS as their clearing firm. The amount of the fee varies and depends on whether a mutual fund's share classes are part of NFS's NTF or iNTF programs (no transaction fee) or TF program (transaction fee), or are not part of the NTF, iNTF or TF programs. Different share classes of the same mutual fund can be available on NFS' platform, and one share class of a mutual fund can be part of a program (the NTF program, for example) while another share class of the same mutual fund is not. NFS shares with MMLIS a portion of the fee NFS receives ("revenue share payments") for the assets in the Program that are invested in NTF, iNTF and TF mutual fund share classes, with some exceptions (Fidelity funds, for example). MMLIS does not receive revenue share for assets invested in qualified plan accounts or IRAs.

NFS generally charges mutual fund companies a higher fee for NTF mutual fund share classes than for other mutual fund share classes. Therefore, MMLIS generally receives a higher revenue share payment from NFS for each investment in an NTF mutual fund share class than for mutual fund share classes that are not included in the NTF program. Certain fund companies with share classes in the NTF program pay a lower fee to NFS than other fund companies with share classes in the NTF program. This means that MMLIS receives a lower revenue share payment for each investment in such companies' mutual fund share classes in the NTF program than other mutual fund share classes in the NTF program.

Mutual fund share classes that are part of NFS's NTF program are generally more expensive for clients. In addition, clients are not charged transaction fees for transactions in any mutual funds in the Program regardless of whether the share classes are in NFS's NTF, iNTF or TF program.

The revenue sharing arrangements between NFS and MMLIS create a conflict of interest for MMLIS. Specifically, MMLIS has an incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays revenue share to MMLIS over the mutual funds and mutual fund share classes for which NFS does not pay revenue share to MMLIS, even if these mutual fund share classes are more expensive for clients. MMLIS has a similar incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays a higher revenue share payment over other mutual funds and mutual fund share classes even if the investments for which NFS pays a higher revenue share payment are more expensive for clients.

These conflicts are mitigated in several ways. IA-Reps do not receive any of the revenue share payments that NFS pays to MMLIS, and IA-Reps do not receive any more or less compensation based on what mutual funds or mutual fund share classes are held in a client's Account. Additionally, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in the Program and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund available for advisory programs through NFS, such as the "Institutional," "Advisory," or "Clean" share class of a mutual fund. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Program and, as previously discussed in more detail, will convert any holders of such mutual fund to the more favorable share class.

#### Mutual Funds and MMLIS Fee to NFS

MMLIS pays a recurring fee to NFS based on the aggregate assets invested in accounts in the Program, excluding any investments in NTF and iNTF mutual fund share classes, cash and cash equivalents. This creates conflicts of interest. MMLIS has an incentive to make available, select and recommend mutual fund share classes that are excluded from the calculation of the fee MMLIS pays to NFS, even if such investments are more expensive for clients. MMLIS also has an incentive to maintain client assets in the Program in cash or cash equivalents.

These conflicts are mitigated in several ways. IA-Reps do not receive any benefit if MMLIS pays lower fees to NFS and IA-Reps do not receive any more or less compensation based on what investments, including mutual funds or mutual fund share classes, are held in client Accounts. In addition, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in the Program and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund (available for advisory programs through NFS). If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Program and, as previously discussed in more detail, will convert any holders of such mutual fund to the more favorable share class.

MMLIS has also established parameters regarding the amount of cash that can be allocated in Program accounts and monitors for adherence to these parameters.

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Clients may impose reasonable restrictions on accounts in the following asset management programs discussed in this brochure: Envestnet Portfolio Solutions MAP-UMA Program, all Envestnet Programs, and the Morningstar ETF and Select



Stock Basket Strategies. For money manager programs, please refer to the disclosure documents provide by the manager for information on the ability to place reasonable restrictions on accounts.

Under certain limited circumstances, in the Envestnet Portfolio Solutions MAP-UMA Program and all Envestnet Programs, the Firm may treat certain assets in client's account as "Unsupervised Assets." Unsupervised Assets are excluded from the Account's asset allocation and the calculation of client's advisory fees. In addition, the Unsupervised Assets will not be included in determining client's account balance (for purposes of assessing whether client's account meets the program minimum requirements). Unsupervised Assets can be assets that are ineligible for the program that the Firm is permitting a client to hold in client's Account. Unsupervised Assets can also be assets that are causing client's account to be inconsistent with the portfolio guidelines or other parameters that apply to such account. Once a security has been designated as an Unsupervised Asset, all of client's holdings in that particular security or cash investment style position will be designated as an Unsupervised Asset. Assets that qualify for Fee Forgiveness (as defined below) may not be designated as Unsupervised Assets.

MMLIS does not provide ongoing portfolio management services for programs sponsored by other investment advisers. Ongoing portfolio management services are provided by the other investment advisers as detailed in Item 4 and the manager's disclosure documents. For programs where MMLIS is the sole adviser, please refer to the specific program descriptions in Item 4 or the Part 2A Appendix 1 of Form ADV, as applicable, for details on the services provided by MMLIS.

While certain programs noted above are closed to new accounts, MMLIS, in its discretion may allow beneficiaries of existing accounts to open accounts in certain asset management programs to continue the services.

As of December 31, 2019, MMLIS' assets under management were:

Discretionary	\$18,272,047,643
Non-Discretionary	<u>\$21,291,019,304</u>
<b>Total</b>	<b>\$39,563,066,947</b>

## ITEM 5. FEES AND COMPENSATION

The fees paid to MMLIS vary based on the services provided. Client facts, circumstances and needs will be considered in determining the fees. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. MMLIS, or the other managers, may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the fee. Discounts not generally available to clients may be offered to family members and friends of associated persons of the Firm. MMLIS pays a portion of the fee it receives to IA-Reps.

Unless otherwise noted above, fees associated with the programs are assessed on all assets in the client's account including any assets maintained in money market funds, cash or cash equivalents.

In addition to fees associated with the programs described in this document, clients also pay a fee representing the internal and operating expenses, including management fees, for any mutual funds, ETFs, variable annuity sub-accounts, and any other pooled investments that are included in the account. For certain mutual funds, expenses may include distribution fees, such as 12b-1 fees. Except as noted, these fees are not paid to MMLIS. In addition to fund-level expenses, some mutual funds assess redemption fees to specific investors upon the short-term redemption of its funds. Depending upon the particular mutual fund, this may include redemptions for rebalancing purposes. Please see the prospectus for the specific mutual fund, ETF or variable annuity for detailed information regarding fees. The client should review both the fees charged by these securities and the Firm's fees to fully understand the total amount of fees to be paid by the client.

Clients who redeem, surrender or sell an existing security to fund an account should carefully consider the costs and benefits of the transaction including any tax liability or charges such as brokerage fees, redemption fees or contingent deferred sales charges.

For programs that include individual securities, there may be separate fees for trade execution. Other costs that may be assessed include spreads paid to market-makers and exchange fees, among others. In general, the client pays charges to the

account custodian and/or clearing firm for various account services such as maintenance, termination, and/or wire transfers. Please refer to the disclosure documents of the custodian and/or clearing firm for additional information. Please refer to Item 12 for additional information related to brokerage practices.

Pre-existing advisory clients are subject to MMLIS' advisory fees in effect at the time the client entered into the advisory relationship. Therefore, the Firm's minimum and maximum advisory fee will differ among clients utilizing the same programs. A client could buy a mutual fund or other security without our services. In that case, the client would not receive the services provided by our Firm. Clients should note that similar advisory services may be available from other investment advisers or asset managers, for similar or lower fees. Certain managers and investment options are available through multiple programs offered through MMLIS. The fees for such managers and investment options may be different depending on the program. Clients should discuss the differences in programs with their IA-Rep.

#### *Envestnet and NFS Services:*

MMLIS pays Envestnet and NFS a fee for the services that they provide in the Program and the other advisory programs MMLIS offers that are on Envestnet's platform. MMLIS pays Envestnet an annual licensing fee. MMLIS pays Envestnet an additional, tiered platform fee in the event MMLIS exceeds a level of assets under management in the advisory programs on Envestnet's platform. For all of its advisory program accounts held at NFS, MMLIS pays fees to NFS relating to clearing, custody and administrative services that NFS provides for these accounts.

MMLIS, in its capacity as a registered broker-dealer, also acts as introducing broker for all transactions in Accounts. In order to effectuate trades under the Program, clients must establish a brokerage account through the Firm with NFS, which will act as clearing firm and custodian for clients' assets under the Program. Accordingly, it is expected that trading activity in connection with the Program will be effected through the Firm and cleared by NFS. Client understands that if trades are not executed by NFS, which may occur if Envestnet (or an Executing Sub-manager, where applicable) reasonably believes in good faith, and consistent with applicable fiduciary standards, that another broker or dealer will provide better execution considering all factors including but not limited to net price, client may be subject to fees and charges that are in addition to the Total Client Fee. These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation. NFS will act in its capacity as a clearing firm and perform centralized cashiering, bookkeeping and execution clearing and settlement functions. NFS will handle the delivery and receipt of securities purchased or sold in clients' brokerage accounts, receive and distribute dividends and other distributions, and process exchange offers, rights offerings, warrants, tender offers and redemptions. NFS will send client statements of all activity in client's brokerage account on no less than a quarterly basis, and written confirmations of trades executed through clients' brokerage accounts. Clients should review such statements carefully.

We attempt to effect transactions correctly and resolve any trade errors promptly and fairly. Should a trade error occur as a result of our handling of transactions for the Program Account, and the error correction results in a gain, the gain will be kept by the Firm. Gains that are captured due to trade errors are placed in the Firm's general account and may be used at the Firm's discretion, including to cover losses incurred by other clients for trade errors to the extent permitted by applicable law. If gains are not used to cover an expense within a fiscal year, such gains will be considered a profit and used for the benefit of the Firm. If the error correction results in a loss, the loss will not be charged to the client. In addition, clients will not bear any costs associated with the correction of an error.

The structure of the compensation that the Firm pays to Envestnet for its technology support and as co-adviser to the Program, and the structure of the compensation that the Firm pays to NFS for its clearing and custodial services will change as of April 2017. Although client's total Program Fee will not change, the portion of the Program Fee kept by the Firm will either increase or decrease, depending on the specific details of a client's account. If the Firm's compensation is more than would be received if a client participated in other programs made available by the Firm, the Firm will have a financial incentive to recommend that the client remain in and/or make subsequent contributions to client's Account. Please see the Envestnet Brochure for additional information about Envestnet's fee.

**a. Envestnet Asset Management Programs.** In the Envestnet Asset Management, Inc. ("Envestnet") programs, client fees are deducted from account assets quarterly in advance and are based on the account's end of quarter market value. MMLIS and Envestnet may negotiate their respective fees with clients. The maximum annual client fee includes an "Advisory Fee", an "Administrative Fee", and a "Program Fee". In addition, for certain programs as detailed below the maximum annual client fee



includes a “Manager Fee”. Accounts established prior to January 1, 2014 may be subject to different fee schedules; however subsequent changes to the account may result in the imposition of the new fee schedule.

### **For Existing Accounts**

Clients with existing accounts in the SMA and UMA programs shall have the below fee schedule.

*Advisory Fee.* The Advisory Fee for all Envestnet programs ranges from 0.30% to 1.20% and is paid to MMLIS.

**Please note that as of July 1, 2017, all accounts in the SMA and UMA programs will be subject to MMLIS’ new Firm Fee of 0.30% grading down to 0.18% depending on the level of assets in the account. As a result of this change on July 1, 2017, the total client fee for accounts opened with MMLIS prior to March 27, 2017 in these three programs will either remain unchanged or decrease. Please refer to the chart below titled “Fees Negotiated After June 9, 2017 for Accounts in the SMA and UMA Programs” for additional information on the new Firm Fee.** If the new Firm Fee (i.e., Program Fee as described below for the SMA and UMA programs) would otherwise increase a client’s total fee, the client’s existing fees will remain unchanged. In other instances, accounts in the above mentioned programs opened with MMLIS prior to March 27, 2017 may previously have been charged a Firm Fee (i.e., Program Fee) plus custody and clearing fees which together may be greater than the new Firm Fee. In such instances, clients will be charged the new Firm Fee which will result in a decrease to the total advisory fee charged to the account. The IA-Rep Fee in effect for such accounts prior to March 27, 2017 will remain unchanged. This potential decrease in fees is not applicable for any clients that changed their investment objectives, strategy or risk profile and executed a goal modification for the SMA or UMA programs after March 27, 2017.

1. **Unified Managed Account.** In the Unified Managed Account Program (**CLOSED TO NEW ACCOUNTS AS OF 11/30/16**), the maximum annual client fee 2.25% depending on account size. For the mutual fund only version of the UMA the maximum annual client fee is 2.10% depending on the account size. The maximum annual client fee includes the Advisory Fee noted above, and the following Program Fee and Manager Fees:

*Program Fee.* The Program Fee is tiered and ranges depending on investment style as follows: 0.30% for the portion of the account under \$250,000, 0.28% for the next \$250,000, 0.25% for the next \$500,000, 0.20% for the next \$1 million, and 0.17% for the next \$3 million, and 0.15% for the portion over \$5 million. In addition, as noted above, clients in the UMA program will be charged the lower of their existing Program Fee in effect prior to July 1, 2017 or the new standard Firm Fee (i.e., Program Fee) (ranging from 0.18% to 0.30%). Please refer to the chart on page 13 of this Brochure titled “Fees Negotiated After June 9, 2017 for Accounts in the SMA and UMA Programs” for additional information on the new Firm Fee.

*Manager Fees.* Manager fees generally range from 0.25% to 0.60% depending on the size of the account and the Sub-manager’s investment style.

### **For Existing Accounts Executing a Goal Modification in the SMA or UMA Programs**

If a Client in the SMA or UMA Programs elects to change their investment objectives, strategy, or risk profile, the Client will execute a “goal modification” and be subject to the below fee schedules in effect after March 25, 2017.

#### *Overview*

Clients will pay one total fee, the Total Client Fee, for the services provided under the selected Program. The services include the brokerage and advisory services provided by the Firm and the IA-Rep, the technology related services provided by Envestnet, the advisory related services provided by Envestnet, the advisory services provided by any Sub-Managers and SMA Sub-Managers (as applicable), the brokerage services involved in purchasing and selling the securities in a client’s Account, and the custodial and clearing services provided by NFS. The Total Client Fee will be paid in advance, on a quarterly basis. The Total Client Fee is separated into different components, which vary depending on the Program. The Total Client Fee (or for certain Programs, a portion of the Total Client Fee called the Program Fee) is negotiable at the discretion of each IA-Rep within a range of breakpoints as set forth below. Information about the Total Client Fee and the breakpoint schedule for a specific client is provided in the client agreement.

The Firm and the IA-Rep each receive a percentage of the Total Client Fee. The Firm’s portion of the Total Client Fee (or for certain Programs, the Firm’s portion of the Program Fee) will be at least a minimum dollar amount (“Minimum Firm Fee”).

Clients may purchase the same or similar securities without paying the Total Client Fee or may pay less than the Total Client Fee if such securities were purchased outside of the Program. Thus, in some cases, it may be more cost efficient for clients to purchase securities outside of the Program. However, clients will not receive the services provided under the selected Program if they choose to do so. The Total Client Fee a client pays may be higher than those charged by the Firm for other advisory programs offered through the Firm, or higher than those charged by other sponsors of comparable programs.

Fees charged for similar services may vary by office and by IA-Rep. Certain IA-Reps may provide comparable services for fees that are different from those charged by other IA-Reps, and some IA-Reps may charge higher fees than other IA-Reps for similar services.

The Firm reserves the right to reduce the Total Client Fee for employees, associated persons, agents, or independent contractors of the Firm or its affiliates and their immediate family members or for any other reason at its discretion.

The Total Client Fee will be calculated in accordance with the client agreement. The Program Custodian is responsible for deducting the Total Client Fee from client's Account in accordance with the client agreement.

The mutual funds that are Investment Options are "no load" or "load" waived mutual funds, meaning the sales charges typically associated with mutual funds will not be charged to client.

The Total Client Fee consists of two components. The first component is the overall Investment Management Fee, derived from using Sub-Manager(s) and/or SMA Sub-Manager(s) in the Account. Typically, a sub-manager charges an investment management fee for the cost of managing a model within the account. The fee applicable to each sub-manager is assessed to the overall percentage of assets managed by the sub-manager within the account. In addition, a portion of this investment management fee also includes additional compensation retained by Envestnet for providing support to the Sub-Manager or SMA Sub-Manager and/or for the trading of sub-manager models.

<u>Investment Management Fees</u>	
<u>Type of Fee</u>	<u>Range of Investment Management Fees Charged to Client</u>
Portfolio Management of Model	0.02% – 0.50%
Portfolio Management of SMA Model	0.09% – 0.75%

Please see each applicable Sub-Manager Brochure (and the Envestnet Brochure, if Envestnet is selected as a sub-manager) for additional information about the fees charged by such sub-manager, including whether any breakpoints apply. Please also see the Envestnet Brochure for more information about the additional fees collected by Envestnet.

An IA-Rep may have a financial incentive to recommend sub-managers with lower fees if the IA-Rep believes a lower sub-manager fee will allow the IA-Rep to negotiate a higher IA-Rep Fee.

The second component of the Total Client Fee is the Program Fee which is based on an annualized percentage of assets that client invests in the Account, including any portion of the assets maintained in cash or other short-term investments. The Program Fee consists of two sub-components. The first sub-component is the IA-Rep's portion of the Program Fee ("IA-Rep Fee"), and the second sub-component is the Firm's portion of the Program Fee ("Firm Fee"). The Firm's portion of the Program Fee will be at least a minimum dollar amount ("Minimum Firm Fee"). If the Minimum Firm Fee exceeds the Firm's portion of the Program Fee, the Minimum Firm Fee will be charged to the Client.

Additional information about the Program Fee and breakpoint schedule applicable to Client's Account is included in the client agreement.

The following chart applies to fees negotiated through a goal modification between March 27, 2017 and June 9, 2017. Please note that as the Assets in Client's Account increase, the Firm's portion of the Program Fee decreases and the IA-Rep's portion of the Program Fee may increase. Please also note that the following chart does not take into account that a different fee may be charged for assets that have been designated to a cash management feature.

<u>Fees Negotiated Between March 27, 2017 Through June 9, 2017 for Accounts in the SMA and UMA Programs</u>					
<u>Amount of Assets in Account</u>	<u>Range of IA-Rep Fee</u>	<u>Firm Fee</u>	<u>Range of Program Fee</u>	<u>Maximum Program Fee at Sample Account Sizes (Flat Rate Basis Points)</u>	<u>Total Client Fee</u>
First \$250,000	0.30% – 1.50%	Greater of 0.30% or Min. Firm Fee*	0.60% - 1.80%**	- At \$250,000 = 1.80%**	Program Fee plus Investment Management Fee
Next \$250,000	0.30% – 1.50%	0.28%	0.58% - 1.78%	- At \$500,000 = 1.79%	
Next \$500,000	0.30% – 1.50%	0.26%	0.56% - 1.76%	- At \$1 Million = 1.775%	
Next \$1 Million	0.30% – 1.15%	0.24%	0.54% - 1.39%	- At \$2 Million = 1.583%	
Next \$1 Million	0.30% – 1.15%	0.22%	0.52% - 1.37%	- At \$3 Million = 1.512%	
Next \$2 Million	0.30% – 0.80%	0.20%	0.50% - 1.00%	- At \$5 Million = 1.307%	
> \$5 Million	0.30% – 0.80%	0.18%	0.48% - 0.98%	- At \$10 Million = 1.144%	

\* For the UMA program, the Minimum Firm Fee is \$150. For the SMA Program, there is no Minimum Firm Fee.

\*\* If the Minimum Firm Fee applies, the Maximum Total Client Fee (Flat Rate Basis Points) is a higher rate, depending on the amount of assets in an account. For the UMA program the Minimum Firm Fee applies when the amount of assets in an account is less than \$50,000.

The following chart applies to fees negotiated through a goal modification after June 9, 2017. Please note that as the Assets in Client's Account increase, the Firm's portion of the Program Fee decreases and the IA-Rep's portion of the Program Fee may increase. Please also note that the following chart does not take into account that a different fee may be charged for assets that have been designated to a cash management feature.

<u>Fees Negotiated After June 9, 2017 for Accounts in the SMA, UMA, and FSP MF Programs</u>					
<u>Amount of Assets in Account</u>	<u>Range of IA-Rep Fee</u>	<u>Firm Fee</u>	<u>Range of Program Fee</u>	<u>Maximum Program Fee at Sample Account Sizes (Flat Rate Basis Points)</u>	<u>Total Client Fee</u>
First \$250,000	0.30% – 1.30%	Greater of 0.30% or Min. Firm Fee*	0.60% - 1.60%**	- At \$250,000 = 1.60%**	Program Fee plus Investment Management Fee
Next \$250,000	0.30% – 1.30%	0.28%	0.58% - 1.58%	- At \$500,000 = 1.59%	
Next \$500,000	0.30% – 1.30%	0.26%	0.56% - 1.56%	- At \$1 Million = 1.575%	
Next \$1 Million	0.30% – 1.15%	0.24%	0.54% - 1.39%	- At \$2 Million = 1.483%	
Next \$1 Million	0.30% – 1.15%	0.22%	0.52% - 1.37%	- At \$3 Million = 1.445%	

Next \$2 Million	0.30% – 0.80%	0.20%	0.50% - 1.00%	- At \$5 Million = 1.267%	
> \$5 Million	0.30% – 0.80%	0.18%	0.48% - 0.98%	- At \$10 Million = 1.124%	

\* For the UMA program, the Minimum Firm Fee is \$150. For the SMA Program, there is no Minimum Firm Fee.

\*\* If the Minimum Firm Fee applies, the Maximum Total Client Fee (Flat Rate Basis Points) is a higher rate, depending on the amount of assets in an account. For the UMA program the Minimum Firm Fee applies when the amount of assets in an account is less than \$50,000.

#### *Additional Client Fees*

Client Accounts are subject to the following brokerage account termination fees (the “Termination Fees”):

- Retirement Accounts - \$125
- All Other Accounts- \$75

Termination Fees are deducted from the Account at termination. The Total Client Fee does not include Termination Fees.

#### *Additional Information about the IA-Rep Fee*

As previously described, IA-Reps are compensated with a portion of the Total Client Fee. The final net compensation received by the IA-Rep may be subject to additional adjustments of fees between the IA-Rep and MMLIS. MMLIS utilizes compensation schedules to calculate the compensation paid to IA-Reps. MMLIS also has an incentive program where an IA-Rep will receive an additional percentage of the compensation paid to MMLIS if the total assets clients have invested through certain advisory programs (including the Programs) reach certain thresholds. This creates an incentive for IA-Reps to recommend these programs (including the Programs) to clients over other programs or services, even if other programs or services would be less expensive for the client. This incentive applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account.

2. **Fund Strategist Provider – Mutual Fund Only.** In the FSP-MF Program, the maximum Total Client Fee is 2.90% depending on account size. The Total Client Fee includes an “IA-Rep Fee” and either an “Administrative Fee” or a “Firm Fee.” The IA-Rep Fee ranges from 0.30% to 1.20% and is paid to the MMLIS IA-Rep. The Administrative Fee and Firm Fee are paid to MMLIS. In addition, for certain programs as detailed below, there is an “Investment Management Fee” paid to 24 the Sub-Manager, which is deducted from the Firm Fee. In addition, for accounts opened in the Strategist Select program prior to March 27, 2017, clients will be charged the lower of the net Firm Fee in effect prior to July 1, 2017 after deduction of the Investment Management Fee or the new standard Firm Fee detailed in the chart above (ranging from 0.18% to 0.30%). Accounts established prior to January 1, 2014 may be subject to different fee schedules; however subsequent changes to the account may result in the imposition of a newer fee schedule.

The Total Client Fee includes the IA-Rep Fee and Firm Fee. The Firm Fee ranges from 0.10% to 0.50%, based on assets in the account and Sub-Manager selected. The Investment Management Fee, which is deducted from the Firm Fee, generally ranges from 0.04% to 0.25%. For accounts that invest in PMC Select models, there is no Firm Fee. Envestnet, however, includes its proprietary PMC mutual funds in the PMC Select models. For accounts that invest in ActivePassive models, there is an Administrative Fee of 0.10% paid to MMLIS. There is no Firm Fee for the ActivePassive models. Envestnet, however, includes its proprietary PMC mutual funds in the ActivePassive models. Because it receives a separate management fee for the management of the PMC mutual funds included in the ActivePassive Models, Envestnet may have a conflict of interest with respect to accounts invested therein. For accounts that invest in the SEI Private Client Strategies, SEI does not receive a Manager Fee but receives internal and operating expenses from the mutual funds included in the account. For accounts that invest in the Russell Investments Model Strategies, Russell Investments does not receive a Manager Fee but receives internal and operating expenses from the mutual funds included in the account.

- b. Envestnet Portfolio Solutions Programs.** In the Managed Asset Portfolio Program, Managed Asset Portfolio-ActivePassive Portfolios™ Program, and Managed Asset Portfolio-Unified Managed Account Program client fees are deducted from account assets quarterly in arrears and are based on the account’s average daily balance for the quarter just ended.

MMLIS may negotiate its fees with clients. The maximum annual client fee includes an “Advisory Fee” and an “Administrative Fee”, and, for the MAP and MAP-UMA programs, a “Program Fee”.

*Advisory Fee.* The Advisory Fee for all Envestnet Portfolio Solutions programs ranges from 0.30% to 1.20% and is paid to MMLIS.

*Administrative Fee.* The Administrative Fee for all Envestnet Portfolio Solutions programs is up to 0.10% and is paid to MMLIS.

1. Managed Asset Portfolio Program. In the MAP-Program, the maximum annual client fee is 1.60% depending on account size. The maximum annual client fee includes the Advisory Fee and Administrative Fee noted above, and a Program Fee that is tiered based on account size as follows: 0.30% for the portion of the account under \$200,000, 0.25% for the next \$300,000, 0.20% for the next \$500,000 and 0.15% for the portion of the account in excess of \$1 million.
2. Managed Asset Portfolio-ActivePassive Portfolios™ Program. In the MAP-ActivePassive Program, the maximum annual client fee is 1.30% depending on account size. There is no Program Fee in the program, however, Envestnet Portfolio Solutions receives a management fee for its services as adviser to the ActivePassive Funds (each a “Fund”). Envestnet Portfolio Solutions receives a management fee from each Fund which ranges from .60% to .90% of average net assets annually. Envestnet Portfolio Solutions pays a portion of those fees to the subadvisers of those Funds, which are not affiliated with Envestnet Portfolio Solutions, except as disclosed in the Funds’ prospectus. Envestnet Portfolio Solutions does not receive any other compensation for amounts managed under MAP-ActivePassive Program. Because each Fund’s management fees differ, Envestnet Portfolio Solutions’ compensation may differ depending on the portfolio model applicable to a client account. Envestnet Portfolio Solutions may therefore have a conflict of interest in the selection of Funds for a client account.
3. Managed Asset Portfolio-Unified Managed Account Program. In the MAP-UMA Program, the maximum annual client fee is 2.24% depending on account size. The maximum annual client fee includes the Advisory Fee and Administrative Fee noted above, and the following Program Fee.

*Program Fee.* The Program Fee is tiered based on account size as follows: 0.75% for the portion of the account under \$1,000,000, 0.70% for the next \$1,000,000, 0.58% for the next \$3,000,000 and 0.53% for the portion of the account that is in excess of \$5 million.

**c. Mutual Fund Allocation Program.** The annual client fee for the Mutual Fund Allocation Program is 1.00%, and shall in no event be less than \$250 per account. The annual client fee includes an Advisory Fee of 0.75% and an Administrative Fee of 0.25% paid to MMLIS. From the Administrative Fee, MMLIS pays Envestnet (i) an amount equal to 0.05% of assets under management in the program, subject to an annual minimum of \$75,000 for investment research and management of model portfolios, and (ii) an amount equal to 0.02% of assets under management in the program, subject to an annual minimum of \$60,000 for performance reporting and certain administrative services. Client fees are deducted from account quarterly in arrears based on the account’s average daily balance for the quarter most recently ended.

**d. SEI Asset Management Program. (CLOSED TO NEW ACCOUNTS).** Client fees paid to MMLIS are calculated based on the asset value of the client’s account at the end of each quarter and are deducted from accounts quarterly in arrears. For high net worth clients, MMLIS’ maximum annual fees are as follows: 1.40% for an account size up to \$250,000, 1.05% for the next \$250,000, 0.70% for the next \$500,000, 0.60% for the next \$1 million and 0.50% for that portion of an account over \$2 million.

For institutional investors, including qualified plan accounts less than \$10 million and endowments and foundations less than \$15 million, MMLIS’ maximum annual fees are as follows: 1.00% for an account size up to \$250,000, 0.75% for the next \$250,000, 0.50% for the next \$500,000, 0.40% for the next \$1 million and 0.35% for that portion of an account over \$2 million. There also may be custodial and administrative fees that are paid to the custodian. MMLIS may negotiate its fee with clients.

**e. SEI Tax-Controlled Program. (CLOSED TO NEW ACCOUNTS).** Client fees paid to MMLIS are calculated based on the asset value of the client’s account at the end of each quarter and are deducted from accounts quarterly in arrears. MMLIS’ annual fee schedule for the U.S. Large Cap strategy is as follows: 0.80% for an account size of \$250,000 - \$2 million, 0.70% for the next \$4 million, 0.60% for the next \$4 million, and 0.50% for that portion of an account over \$10 million. For the

Laddered Municipal Bond strategy, MMLIS' annual fee schedule is as follows: 0.25% for an account size of \$1 million and above. MMLIS may negotiate its fee with clients. MML Investors' fees for both strategies are in addition to SEI's advisory fees as disclosed in its Form ADV. If a Completion Strategy is utilized, a client pays a fee representing the operating expenses for the SEI Funds. These fees are detailed in the applicable mutual fund prospectus and are charged by the SEI Fund, not MMLIS. There also may be custodial and administrative fees that are paid to the custodian.

### **Fee Forgiveness**

If assets used for investment in the Envestnet Portfolio Solutions MAP-UMA Program and any Envestnet Programs come from MMLIS brokerage accounts or mutual funds for which MMLIS is the broker-dealer of record (either from the redemption of such assets and mutual funds or the assets and mutual funds themselves) clients may be eligible for "Fee Forgiveness." The portion of the fee paid to the Firm and the IA-Rep may be reduced for a limited period of time to take into account the cost of certain sales charges previously paid by the client or to be paid upon redemption. Fee Forgiveness is not available for assets for which MMLIS is not the broker-dealer of record. In addition, sales charges previously paid by the client will only be taken into account for Fee Forgiveness to the extent the client paid such sales charges in the previous two years (for A-share mutual funds) or previous 13 months (for C-share mutual funds, stocks, bonds, options and ETFs) and MMLIS was the broker-dealer of record for the mutual funds or applicable brokerage account at the time client paid the sales charges.

If the assets that qualified for Fee Forgiveness leave the client's account, the Fee Forgiveness associated with such assets will be discontinued and any remaining fees associated with such assets scheduled to be forgiven will not be forgiven.

Fee Forgiveness is available only while a client's account is opened. If the account is terminated for any reason, any remaining fees scheduled to be forgiven will not be forgiven.

Additional details regarding Fee Forgiveness can be found in the Program Agreement.

Please note that the charts above showing the range of fees do not take Fee Forgiveness into account.

### **Cash Management Features**

MMLIS makes available two cash management features for client Accounts in any Envestnet Program or invested in a Envestnet Portfolio Solutions Program: Protected Cash and Pending Distribution. If you or your IA-Rep designate cash in your Account to one of these features, such amount will be removed from your Account's asset allocation and charged a negotiable annual fee ranging from 0.20% to 0.50%. The Protected Cash feature may be used to remove an amount from your Account's allocation and hold such amount as cash for a certain period of time. The Pending Distribution feature is generally used to set aside cash for expected withdrawals. Any amount in client's Account designated for Protected Cash or Pending Distribution will be included in the Deposit Account or Money Fund selected by client for client's Account.

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

This Item is not applicable to MMLIS.

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

Depending on the particular program, MMLIS generally provides advice to individuals, high net worth individuals, trusts, estates, endowments and foundations, Fidelity Charitable donor-advised accounts, business entities and/or qualified plans.

### **Minimum Account Size For Asset Management Programs**

- For Envestnet Portfolio Solutions Managed Asset Portfolio-Active/Passive Portfolios the minimum account size is \$25,000.
- For the Envestnet Portfolio Solutions Managed Asset Portfolio the minimum account size is \$35,000.
- For the SMA Program, the minimum account size is \$50,000; however, the minimum account size is \$100,000 for a number of Sub-managers and may be as high as \$500,000 for some fixed income Sub-managers.
- For the Unified Managed Account Program, the minimum account size is \$50,000.



- For the Fund Strategist Provider – Mutual Fund Only Program, the minimum account size is \$20,000.
- For the Envestnet Portfolio Solutions Managed Asset Portfolio-Unified Managed Account program, the minimum account size is \$250,000.
- For the Mutual Fund Allocation Program, the minimum account size is \$25,000.
- For SEI the minimum account size is generally \$100,000. There is no minimum account size for certain participant-directed retirement plans.
- For the SEI Tax-Controlled Program the account minimum for the U.S. Large Cap strategy is \$250,000; however, a higher minimum is required when combining with SEI Funds in a Completion Strategy. The account minimum for the individually managed Laddered Municipal Bond strategy is \$1 million. There is no Completion Strategy for the Laddered Municipal Bond strategy.

MMLIS may allow lower minimums in certain circumstances. Pre-existing advisory clients are subject to MMLIS' minimum account requirements in effect at the time the client entered into the advisory relationship. Therefore, the Firm's minimum account requirements will differ among clients. For money manager referral programs refer to manager's disclosure documents.

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

The risks detailed below are not a complete list of all risks. Investing in securities involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their account due to market fluctuations. There is no guarantee that a client's investment objectives will be achieved by participating in any of the programs described in this brochure. Prior to investing, clients should read carefully a copy of the current prospectus for each security, where a prospectus is available. The prospectus contains information regarding the fees, expenses, investment objectives, investment techniques, and risks of these securities. The investment returns on a client account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by MMLIS concerning the benefits of participating in the programs described in this brochure. The Firm and its IA-Reps do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

In general, MMLIS relies on third party investment advisers and money managers to perform investment related research and to provide allocation and securities recommendations, including recommendations to reallocate and rebalance portfolios to clients. Please refer to Item 4 for a description of our services and the services provided by third party investment advisers and money managers. When reviewing third party investment advisers and money managers, the Firm examines factors such as the experience, expertise, investment philosophies, firm infrastructure and past performance of investment advisers and money managers, initially and on an ongoing basis, in an attempt to determine if that investment advisers or money manager has reasonably demonstrated an ability or the potential to meet their investment objectives over a period of time and in different economic conditions. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. Third party managers may themselves utilize third party research as the basis for their investment recommendations under these programs. Please refer to those third party managers' respective Form ADVs for more information.

In asset management programs, MMLIS may provide advice regarding asset allocation strategies, and may recommend focused or completion strategy portfolios primarily to complement an existing investment strategy.

Asset allocation – often referred to as “traditional” or “strategic” asset allocation – is a strategy that seeks to diversify assets across various types of asset classes. Asset classes could include broad asset classes (such as equity or fixed income), or sub-asset classes (such as large cap, small cap, or international). The weights assigned to each asset class are expected to result in an overall portfolio with risk and return characteristics that meet the client's investment objectives. Asset allocation assumes that the mix of asset classes will remain fairly consistent over a long-period of time. The client's asset allocation targets typically are not changed unless the client's circumstances or objectives change. There are risks associated with asset allocation. One such risk is that the client may not participate in sharp increases in a particular security, industry or market sector. Clients with an asset allocation may not achieve their investment objectives and may lose money. Asset allocation does not account for individual security risk.

Tactical asset allocation is a strategy that actively adjusts a portfolio's asset allocation based upon short-term trends that could include financial market trends, economic cycles and asset class valuations. Based upon short-term assumptions, the portfolio allocations to certain asset classes are increased, while the portfolio allocations to other asset classes are decreased. There are risks associated with tactical asset allocation. Clients with a tactical asset allocation may not achieve their investment objectives and may lose money. Tactical asset allocation does not account for individual security risk. At different points in time, the tactical asset allocation and structure of the client's portfolio vary significantly. There is no guaranty a tactical asset allocation will correctly predict or track market movements or that it will provide comparable returns or decreased volatility relative to traditional strategic asset allocation programs. Clients in tactical asset allocations are relying significantly on the skills and experience of the manager's ability to correctly judge changes in market behavior and construct a portfolio that predicts market behavior. In addition, even if the portfolio is correctly positioned, there is no guaranty that the client will not experience substantial losses. The tactical asset allocation results in a portfolio may experience frequent trading in order to take advantage of anticipated changes in market conditions. A high level of portfolio turnover may negatively impact performance by generating greater tax liabilities and brokerage and other transaction costs.

Focused or completion strategies are portfolios that are concentrated in a certain asset class or deploy a specific strategy. Generally, focused or completion strategies are used to complement other holdings. There are unique risks associated with focused and completion strategies, such as increased volatility since portfolios are often concentrated in a particular asset class.

MMLIS may also recommend mutual funds and, in some cases, ETFs, variable annuity sub-accounts, individual equities, individual fixed income securities and managed accounts to fulfill those strategies. As noted above, MMLIS generally relies on third parties for the underlying investment research on those securities.

## **ITEM 9. DISCIPLINARY INFORMATION**

On June 17, 2011, MMLIS entered into a Letter of Acceptance, Waiver and Consent ("AWC") for the resolution of charges with FINRA. The alleged rule violations relate to the Firm's compliance with FINRA Rules applicable to Firm compensation in connection with Trade Reporting and Compliance Engine ("TRACE") eligible securities during the period October 9, 2008 through June 26, 2009 (the "Review Period"). During the Review Period, in 14 transactions, the Firm purchased or sold TRACE-eligible securities as agent for a customer in transactions for a commission or service charge that was in excess of a fair amount, taking into consideration all relevant circumstances. The Firm also failed to enforce its written supervisory procedures by charging commission in excess of the procedure's limits. The conduct constituted violations of NASD Rule 2440, NASD Rule 3010, NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008). Under the Acceptance, Waiver and Consent, the Firm consented to a censure and a fine of \$32,500.

On November 16, 2011, MMLIS entered into an AWC for the resolution of alleged rule violations with FINRA. The alleged rule violations related to the Firm's compliance with FINRA Rules applicable to filing Forms U5 and amendments to Forms U4 and U5. From approximately May 13, 2008 through October 10, 2010, the Firm failed to file in a timely manner at least 98 filings, including 5 Form U5 filings and 93 amendments to Forms U4 and U5. Forms U4 and U5 contain information regarding the firm's registered representatives and the rule requires timely updates to these forms. FINRA also found that the Firm failed to establish and maintain a supervisory system and establish, maintain and enforce supervisory procedures that were reasonably designed to achieve compliance with the reporting requirements set forth in Article V of FINRA's By-Laws. This conduct constituted violations of NASD Conduct Rule 2110 (for conduct prior to December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008). Under the Letter of Acceptance, Waiver and Consent, the Firm consented to a censure, a fine of \$300,000 and undertakings related to a review of the Firm's supervisory systems, written supervisory procedures and quarterly reporting in 2012 to FINRA of any Form U5 filings or amendments to Forms U4 or U5 the were not timely filed during that quarter.

On December 6, 2012, the Director of The Rhode Island Department of Business Regulation (the "Director") entered into a Consent Order Making Findings and Imposing Remedial Sanctions (the "Order") for the resolution of a matter involving MMLIS. The matter was resolved prior to instituting administrative proceedings. MMLIS neither admitted, nor denied the findings. The matter arose out of the conduct of two former representatives of MMLIS who have been barred from engaging in any securities business in the state of Rhode Island as a result of their conduct. On March 28, 2011, MMLIS advised the Securities Division that one of these representatives had embezzled money from one of his clients over the course of ten years by inducing the client to invest in fraudulent and non-existent promissory notes sold through the representative's outside business activity. The Director alleged that MMLIS failed to reasonably supervise these representatives in violation of R.I.

Gen. Laws Section 7-11-212(b)(1). The Order directs MMLIS to: (i) immediately cease and desist from any further violations of the Rhode Island Uniform Securities Act of 1990 and the rules promulgated thereunder; (ii) pay a penalty in the amount of \$250,000 to the Rhode Island Department of Business Regulation; (iii) confirm in writing that it has reimbursed the client for losses according to the terms of a settlement negotiated amongst the parties; and, (iv) retain an independent consultant to conduct a comprehensive review of its Rhode Island Detached Branch Offices and registered representatives in such locations and issue a written report to be filed with the Director.

On August 21, 2013, MMLIS entered into an AWC with FINRA. The AWC found that that MMLIS violated FINRA rules by failing to reasonably supervise and investigate certain of its registered representatives engaged in the sale of promissory notes not approved by MMLIS. Without admitting or denying the findings, MMLIS consented to a censure, a fine of \$125,000 and agreed to pay restitution to investors totaling \$787,847.70. The Firm will provide proof to FINRA that it made restitution to investors no later than six months after August 21, 2013.

MMLIS entered into a Consent Agreement and Order (“Order”) with the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Licensing, Compliance and Examinations (“Bureau”) for the resolution of a matter effective July 6, 2015. The Firm neither admitted, nor denied the allegations. The matter arose out of the conduct of a deceased former representative of the Firm who operated an unapproved outside business activity through which he issued, offered and sold unregistered promissory notes to certain Pennsylvania residents. The issuance, offer and sale of the notes by the representative were not approved by the Firm. The Bureau received five complaints and was aware of twelve notes totaling approximately \$385,000. The Firm was subject to a sanction under Section 305(a)(vii) of the 1972 Act, 70 P.S. § 1-305(a)(vii) for a failure to reasonably supervise an agent of the Firm. The Order directed the Firm to (i) pay an administrative assessment in the amount of \$100,000; (ii) pay legal and investigative costs in the amount of \$25,000; (iii) comply with the 1972 Act, and its Regulations as adopted by the Department, 70 P.S. § 1- 101, et. seq; and (iv) represent to the Department that it had made payments to certain Pennsylvania residents related to the securities activities of the representative and his outside business. Payment to certain Pennsylvania residents in the amount of \$150,840.62 was made on June 30, 2015.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective November 15, 2016. FINRA made findings that the Firm disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge (“Eligible Customers”). FINRA found that these Eligible Customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. The AWC stated that the Firm failed to establish and maintain a supervisory system and written policies and procedures reasonably designed to ensure that Eligible Customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. The AWC also stated that the Firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. FINRA found that the firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination, including failing to establish and maintain written procedures to identify applicable sales charge waivers in fund prospectuses for Eligible Customers. Without admitting or denying the findings, the Firm consented to a censure and agreed to pay restitution to investors totaling \$1,864,167.77, plus interest.

MMLIS (and three other broker-dealers affiliated with MassMutual) entered into an AWC with FINRA for the resolution of a matter effective June 30, 2017. FINRA made findings that the Firm failed to maintain certain electronic books and records in a non-erasable and non-rewritable format known as the “Write Once, Read Many” (WORM) format that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that the Firm failed to (i) provide the required 90-day notice to FINRA prior to retaining a vendor to provide electronic storage, (ii) implement an audit system as required for such electronic books and records, (iii) provide letters of undertaking from independent third-parties with the ability to access and download information from the Firm’s electronic storage media; and (iv) enforce written supervisory procedures concerning the Firm’s storage of electronic brokerage records in WORM format. Without admitting or denying the findings, the Firm consented to a censure and agreed to a fine in the amount of \$750,000 (to be paid jointly and severally by the three other MassMutual affiliated broker-dealers). The Firm also agreed to certain undertakings, mainly to submit to FINRA within 60 days a written plan of how the Firm will conduct a comprehensive review of the adequacy of the relevant policies and procedures (written and otherwise), including a description of remedial measures leading to full compliance.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective March 20, 2020. FINRA made findings that the Firm failed to ensure that access to a third-party system was limited to only those former registered representatives of a company that was acquired by the Firm for whom access was agreed to be given. As a result, additional former registered representatives and associated persons of the Firm had access to the third-party system after the acquisition. Because MMLIS was unaware that these additional registered representatives and associated persons had access to the third-party system after the acquisition, the Firm did not notify the third party when those registered representatives and associated persons ceased to be associated with the Firm. As a result, the third-party did not timely shut off those former registered representatives' and associated persons' access to the third-party system. The third party system stored customer records and information, including nonpublic personal information. Without admitting or denying the findings, the Firm consented to a censure, a fine of \$75,000, and the entry of findings that it failed to prevent certain registered and associated persons who had been terminated from the Firm from continuing to access customer records and information, including nonpublic personal information, in violation of the SEC's Regulation S-P and FINRA Rule 2010.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Firm is registered with the SEC as an investment adviser and a broker-dealer and its principal officers are registered as IA-Reps and/or registered representatives ("RRs") of the Firm. In its capacity as a broker-dealer, the Firm sells variable insurance products and general securities, including, but not limited to, stocks, bonds, municipal and government securities, and mutual funds to the public. The products available through the Firm include products issued by our affiliated insurance companies as well as those issued by unaffiliated issuers. As part of this business, the Firm, through its RRs who may also be IA-Reps, provides a broad range of securities brokerage services which may include clients who participate in the Programs. The Firm, as a broker-dealer, effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or investment products in which the Firm or its officers, directors, employees or RRs have a financial interest or may themselves purchase or sell. Clients should be aware that compensation earned by the Firm and its RRs vary by product and by issuer. Therefore, the Firm and its RRs may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by companies that are not affiliated with the Firm.

The following describes the relationship or arrangement that the Firm has with its affiliates and other nonaffiliated companies that may be material either to the advisory business of the Firm or to clients.

### **Broker Dealers, Other Investment Advisers and Investment Companies**

MMLIS's management persons, including its directors and executive officers, are registered representatives and/or associated persons of MMLIS. Management persons may also be registered or associated with the Firm's affiliated broker-dealers MML Distributors, LLC and MML Strategic Distributors, LLC and with its affiliated investment advisers, including MML Investment Advisors, LLC and Society of Grownups, LLC.

MMLIS is owned by MassMutual Holding LLC. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner. MMLIS' registered representatives and IA-Reps are all licensed insurance agents or brokers of MassMutual and/or other affiliated or unaffiliated insurance companies. MMLIS' RRs are all licensed to sell securities and may effect securities transactions for compensation for any client.

MML Investment Advisors, LLC acts as an investment adviser, and MML Distributors, LLC acts as principal underwriter, for certain mutual funds, including the MassMutual Select Funds, the MassMutual Premier Funds, MML Series Investment Fund and the MML Series Investment Fund II. MML Distributors, LLC is owned by MassMutual Holding LLC. MMLIS may recommend these mutual funds to clients in its broker-dealer capacity.

Recommending a mutual fund advised or distributed by an affiliate (an "Affiliated Fund") creates a conflict of interest between MMLIS and advisory clients. Investing in an Affiliated Fund results in additional compensation being paid to MMLIS and/or one of its affiliates. In many cases there are alternative funds that are available for investment that will provide clients with substantially similar exposure to the asset class or sector represented by an Affiliated Fund. This conflict of interest is addressed through clear and prominent disclosure to clients, suitability reviews of recommended securities and other products

and through supervision of the IA-Reps. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in a program.

MassMutual Holding LLC controls the voting stock of Oppenheimer Acquisition Corporation (“OAC”) and, through it has voting control of OppenheimerFunds, Inc. (“OFI”), a registered investment adviser, and its subsidiaries including Centennial Asset Management Corporation, (“CAMC”) and OppenheimerFunds Distributors, Inc. (“OFDI”). CAMC is a registered investment adviser. OFDI is registered as a broker-dealer. OFI and CAMC together act as investment advisers to a number of mutual funds. MMLIS, in its broker-dealer or investment adviser capacity, may recommend that a client invest in mutual funds advised by OFI or CAMC and/or distributed by OFDI. Recommending a mutual fund advised or distributed by an affiliate (an “Affiliated Fund”) creates a conflict of interest between MMLIS and advisory clients. Investing in an Affiliated Fund results in additional compensation being paid to MMLIS and/or one of its affiliates. In many cases there are alternative funds that are available for investment that will provide clients with substantially similar exposure to the asset class or sector represented by an Affiliated Fund. This conflict of interest is addressed through clear and prominent disclosure to clients, suitability reviews of recommended securities and other products and through supervision of the IA-Reps. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in a program.

Affiliated Funds may also be available as underlying investments in a Model, SMA Model or SMA. When an affiliated fund is an underlying investment in a Model, SMA Model or SMA, MMLIS and/or one of its affiliates receives a financial benefit. This conflict of interest is mitigated because neither MMLIS nor the IA-Reps select the investments within a Model, SMA Model or SMA.

MassMutual Holding LLC is also the sole shareholder of Barings LLC (“Barings”), a registered investment adviser. MMLIS had entered a solicitor’s agreement with Barings whereby MMLIS received compensation for referring clients to Barings for asset management services. Barings accounts have been assigned, with client’s consent, to LMCG Investments, LLC (formerly known as Lee Munder Capital Group LLC). MMLIS continues to receive a referral fee on those accounts. MMLIS may also recommend that its advisory clients invest in mutual funds advised by Barings. Recommending a mutual fund advised by an affiliate creates a conflict of interest between the Firm and advisory clients. This conflict of interest is addressed through clear and prominent disclosure to clients, suitability reviews of recommended securities and other products and through supervision of the IA-Reps. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in a Program.

MMLIS owns 100% of MMLISI Financial Alliances, LLC, a Delaware limited liability company which operates as an insurance agency and investment adviser. MMLIS previously received client referrals from MMLISI Financial Alliances, LLC and pays a solicitors fee for such referrals.

IA-Reps receive a portion of the compensation paid to MMLIS for the services described in this Firm Brochure. MMLIS utilizes compensation schedules to calculate the compensation paid to IA-Reps. MMLIS also has an incentive program where an IA-Rep will receive an additional percentage of the compensation paid to MMLIS if the total assets clients have invested through certain advisory programs (including the Program) reach certain thresholds. This creates an incentive for IA-Reps to recommend these programs (including the Program) to clients over other programs or services. The Firm addresses this conflict through clear and prominent disclosure to clients, suitability reviews of recommended securities and other products and through supervision of the IA-Reps.

MMLIS is the co-underwriter for, and a distributor of, variable products of MassMutual and its subsidiaries. Such variable products are issued by separate accounts which are registered as investment companies. MMLIS may recommend these products to clients in its broker-dealer capacity.

MMLIS owns MML Insurance Agency, LLC (“MMLIA”), a Massachusetts limited liability company which has authority to sell life, health and annuity products. Variable products available through MMLIA are recommended to clients only in MMLIS’s broker-dealer capacity.

Additional information on certain related entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.A. Part 1 of Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

In addition to the advisory business relationship between Envestnet and the Firm as described in Item 4 above, MMLIS has entered into other agreements with Envestnet and Envestnet affiliated investment advisers to offer other advisory programs. Please contact MMLIS or your IA-Rep for additional information about such programs. Furthermore, Envestnet and, if applicable, its affiliates and subsidiaries, from time to time pay fees to attend Firm sponsored sales and/or training conferences. Representatives from Envestnet and, if applicable, its affiliates and subsidiaries, generally network with and provide training to IA-Reps and the Firm's personnel at these conferences. The fees received by the Firm are generally used to offset expenses associated with hosting conferences and other expenses, and are not paid directly to IA-Reps. While IA-Reps do not receive a portion of these fees, IA-Reps may be more likely to recommend the Program, other Envestnet advisory programs, or products offered through Envestnet's affiliates or subsidiaries that are accessible through the Firm, to prospective clients because of the education and the exposures that IA-Reps receive on such services and products.

NFS will also pay fees to attend Firm sponsored sales and/or training conferences.

Certain IA-Reps of the Firm may also be affiliated with and provide investment advisory services through an investment adviser that is not affiliated with the Firm ("Third Party Adviser"). In that respect, such IA-Reps may offer investment advisory programs through both the Firm and the Third Party Adviser. The compensation that they receive from the Third Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third Party Adviser may differ materially from the programs made available by the Firm, the IA-Reps may potentially recommend an investment advisory program that offers them the greatest compensation potential.

As previously discussed, IA-Reps receive a portion of the compensation paid to MMLIS for the services described in this Brochure. MMLIS utilizes compensation schedules to calculate the compensation paid to IA-Reps. MMLIS also has an incentive program where an IA-Rep will receive an additional percentage of the compensation paid to MMLIS if the total assets clients have invested through certain advisory programs reach certain thresholds. This creates an incentive for IA-Reps to recommend these programs to clients over other programs or services. The Firm addresses this conflict through clear and prominent disclosure to clients, suitability reviews of recommended securities and other products and through supervision of the IA-Reps.

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

MMLIS has adopted an Investment Adviser Code of Ethics ("Code") for certain persons of the Firm in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. This Code establishes required standards of business conduct, as well as policies and procedures that are reasonably necessary to detect and prevent personal trading activities that are, or might be an abuse of fiduciary duties or create conflicts of interest.

The Code requires that all IA-Reps and certain other affiliated personnel (together, "Access Persons") acknowledge receipt and report violations of the Code. The Code sets forth standards with regard to an Access Person's personal trading and establishes general prohibitions, including but not limited to, the observance of personal trade blackout periods for certain persons. The Code places additional obligations on Access Persons including the obligation to submit periodic reports to MMLIS regarding their personal accounts, including initial and annual holdings reports and quarterly transactions. SEC rules and guidance exempt certain types of securities and transactions from Code of Ethics reporting.

The principles set forth in the Code that govern personal trading activities for Access Persons include:

- The duty at all times to place the interest of advisory clients first;
- The requirement that all covered personal trades be consistent with the Code so as to avoid any actual or potential conflict of interest; and
- The fundamental standard that individuals should not take inappropriate advantage of their positions with respect to the Firm and/or its advisory clients.



To prevent and detect violations of the Code, the Firm reviews transactions within accounts that have been reported by Access Persons. A copy of the Code of Ethics will be provided to any client or prospective client upon request. Please refer to the cover page of this Brochure for our contact information.

The Firm (including the IA-Rep), and/or its affiliates, may have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities ("Other Accounts"). Clients should be aware that the Firm and its affiliates, and their respective partners, directors, trustees, officers, agents, IA-Reps and employees may buy, sell or trade in any securities for their respective accounts ("Affiliated Accounts") or Other Accounts. The Firm (including IA-Reps) and its affiliates may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may be similar to, differ from, or contradict, the advice given or the timing or nature of action taken with respect to clients' Account(s).

Additionally, Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which client's Account may have an interest from time to time, whether in transactions which involve client's Account or otherwise. The Firm shall have no obligation to purchase for client's Account a position in any investment which Other Accounts or Affiliated Accounts may acquire, and that the client shall have no first refusal, co-investment or other rights in respect of any such investment.

MMLIS does not effect any principal or agency cross securities transactions for client accounts. The Firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys securities from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Personal transactions in securities by affiliated persons of MMLIS will be subject to the procedures described in MMLIS's Code of Ethics and Compliance Manual. MMLIS may from time to time perform a variety of services for, or solicit business from, a variety of companies including issuers of securities that the Firm may recommend for purchase or sale by its clients. In connection with providing these services, the Firm and its affiliated persons may come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security.

Under applicable law, the Firm and its affiliated persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of MMLIS. Accordingly, should the Firm or any of its affiliated persons come into possession of material nonpublic or other confidential information concerning any company, they will be prohibited from communicating such information to clients, and MMLIS will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law.

## **ITEM 12. BROKERAGE PRACTICES**

Since MMLIS is a registered broker-dealer, its representatives may effect securities transactions for any client. Clients are not obligated to use MMLIS as the broker-dealer, however, and are free to use the broker-dealer of their choice. If MMLIS' representatives are involved in the execution of a securities transaction, the broker-dealer must be MMLIS.

Transactions are effected through accounts established with National Financial Services ("NFS"), with which MMLIS maintains a clearing agreement, for clients participating in:

- the Mutual Fund Allocation Program;
- the programs available through Envestnet Asset Management;
- the Managed Asset Portfolio, Managed Asset Portfolio-Active/Passive Portfolios, Managed Asset Portfolio-Unified Managed Account and Unified Managed Account Programs, available through Envestnet Portfolio Solutions.

MMLIS provides an ongoing review of its relationship with NFS, including a monthly review of trade order flows that considers the price at which trades occur, the speed of order execution and the overall cost of each transaction. For the

advisory programs where NFS serves as custodian, MMLIS reviews the fees paid to NFS in comparison to the anticipated number of trades in the account. In addition, MMLIS conducts semi-annual site visits to inspect NFS' operations.

For the programs discussed in this brochure, please refer to the investment adviser's or money manager's disclosure documents for information on trade aggregation procedures. For the Mutual Fund Allocation Program, trades are aggregated when accounts are rebalanced.

In general, the client pays charges to the account custodian and/or clearing firm for various account services such as maintenance, termination, and/or wire transfers. Refer to the disclosure documents of the custodian and/or clearing firm for information on these charges.

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

Account reviews are provided in connection with the asset management programs described in this brochure. For clients participating in these programs, IA Representatives will contact clients at least annually to review the performance of the account and determine if there have been any changes in client's financial circumstances or investment objectives. Any changes are then reported to the program sponsor or appropriate modifications are recommended to client, depending on the particular program. For asset management programs, IA Representatives will also monitor transactions in the account. Please refer to Item 4 for additional details on the ongoing investment management services provided, such as adjustments to asset allocations, replacements of securities, and rebalancing of accounts. In addition, for asset management programs, clients receive written monthly account statements and quarterly performance statements.

### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Certain associates of the Firm ("Investment Specialists") receive compensation from the Firm to provide sales support to IA-Reps. The compensation may be based on criteria related to new Program Accounts or subsequent contributions to Program Accounts for which they may have provided sales support. While Investment Specialists do not sell products or provide product recommendations directly to clients, clients should be aware that Investment Specialists may have an incentive to favor the presentation of these Programs over products for which they do not receive compensation to IA-Reps for their review as potential products to discuss with their clients. Clients should also be aware that the compensation received by Investment Specialists is not shared with IA-Reps or their sales manager. Furthermore, not all IA-Reps will use Investment Specialists for sales support or for support on products available through the Firm.

MMLIS has a Conference Partner Program pursuant to which certain investment managers ("Conference Partners") contribute to and/or participate in MMLIS conferences and/or training meetings attended by IA-Reps. In 2019, MMLIS received payments from each of the following Conference Partners listed in alphabetical order: BlackRock, City National Rochdale, Clark, LMCG, Morningstar, PIMCO, Russell Investments, SEI, Symmetry, Vanguard and W.E. Donoghue. The amount of such payments ranged from \$2,500 to \$150,000. Each payment was used to offset some of the expenses of the applicable conference or training meeting. Other investment managers also contribute to and/or participate in MMLIS conferences and/or training meetings attended by IA-Reps as part of the Strategic Partner Program, as described below. These Conference Partners are expected to make similar payments in 2020. One additional Manager—Northern Trust—is expected to participate in the Conference Partner Program in 2020.

MMLIS has a Strategic Partner Program pursuant to which MMLIS has marketing support arrangements with certain investment companies that offer mutual funds and/or ETFs that are available for accounts in the Program. These Strategic Partners are provided with increased access to our personnel and registered representatives and investment adviser representatives (referred to herein collectively as "Representatives"). This access includes some or all of the following: participation in sales conferences, training and education seminar sponsorship, receipt of MMLIS sales information and Representative lists, access to various enhanced methods of communication with our sales force and/or other services as agreed to between the Strategic Partners and MMLIS. In addition, MMLIS publicizes these Strategic Partners and their products and services within proprietary marketing materials and/or web sites and also provides links to their own web sites. Strategic Partners also provide support and help create targeted marketing campaigns for MMLIS Representatives. You should be aware that the Strategic Partners compensate us for such access and marketing services, as discussed further below.

Under these arrangements, each Strategic Partner makes cash payments to MMLIS to participate as a Strategic Partner. Such compensation permits MMLIS to offset some of the expenses (i.e., marketing, training and education, conferences and/or other expenses as permitted by applicable law) associated with offering the Strategic Partner's products and services, and gives the Strategic Partners access to resources and arrangements that we believe may enhance our Representatives' understanding of the Strategic Partner's products or services.

In 2019, the following Investment Companies made cash payments to MMLIS to participate as a Strategic Partner: American Funds, BlackRock, Brinker Capital, Invesco, BNY Mellon and Fidelity, in order of largest contribution to smallest contribution. American Funds, BlackRock and Brinker Capital each paid more than \$1.7 million, and Invesco, BNY Mellon, and Fidelity each paid between \$500,000 and \$1.2 million. These Strategic Partners are expected to make similar payments in 2020.

We understand that these cash payments are not paid out of the assets invested by a client in a mutual fund. In addition, no portion of these payments is made by means of brokerage or advisory commissions generated by the Strategic Partners, and none of the cash payments described in this section are made directly to our branch managers or Representatives who sell these products and services. You should read each prospectus, Statement of Additional Information, offering materials or documents, Form ADV disclosure brochure, or other disclosures (collectively, "Disclosures") provided to you in connection with this Program.

Strategic Partners make payments to MMLIS in any one, or a combination, of the following methods: 1) a percentage of initial and/or additional investment amount made by MMLIS customers, 2) a percentage of total assets sold by MMLIS, 3) a flat fee, 4) fee(s) for attending MMLIS conferences or events, 5) networking fees, where applicable to an investment company, which are fees incurred by MMLIS to process electronically certain mutual funds issued by such investment company, and/or 6) other formula as agreed upon between a Strategic Partner and MMLIS as permitted by applicable law.

Other Investment Companies are Conference Partners. These companies include CIBC National Trust, First Trust, Franklin Templeton, JP Morgan, and Lord Abbett. During 2019, MMLIS received between \$50,000 and \$150,000 from each of these investment companies and expects to receive similar payments from each investment company in 2020. MMLIS also received an annual conference credit of \$150,000 from NFS and expects to receive a similar payment in 2020. In addition, in 2019, MMLIS received networking fee income less than \$60,000 from each of Franklin Templeton and DWS Investments.

As a fiduciary, we endeavor at all times to put the interest of our clients ahead of our own interest. Clients should be aware that the receipt of such compensation creates a financial incentive for MMLIS and its Representatives to favor Strategic Partners and Conference Partners when making recommendations to clients. Specifically, MMLIS has a financial incentive to recommend the mutual funds provided by Strategic Partners and Conference Partners over mutual funds offered by entities that do not make marketing support payments to MMLIS or contribute to or participate in MMLIS conferences or training meetings. You should also be aware that the rate associated with marketing support and conference support payments differs among certain of the Strategic Partners, and the basis on which the payments are calculated differs among certain of the Strategic Partners. Therefore, MMLIS has a financial incentive to favor those Strategic Partners and Conference Partners whose payment structure would result in the most compensation for MMLIS. We address this conflict by assuring that MMLIS's Representatives do not share in the marketing support payments received by MMLIS and do not receive differential compensation based on whether clients account's invest in the funds offered by Strategic Partners and Conference Partners.

Clients should also be aware that marketing or educational activities paid for with these payments lead to greater exposure of Strategic Partner's and Conference Partner's products and services with the Firm's RRs and IA-Reps. Therefore, these payments create an incentive, and lead to a greater likelihood, for the Firm or its IA-Reps to recommend a mutual fund of a Strategic Partner over the mutual fund of another entity. These payments are in addition to the fees received by the Firm under the Program and any distribution or servicing fees described above.

From time to time, the Firm and its RRs also receive other compensation from mutual fund companies that may issue mutual funds that are available for accounts in the Program. Such mutual fund companies may sponsor their own conferences for training and educational purposes, which certain of the Firm's RRs are invited to attend. In addition to the Firm's RRs attending these conferences without charge, these mutual fund companies also reimburse or pay for the travel and other related expenses incurred by the Firm's RRs or reimburse a Firm's branch office for expenses related to dinners or events for clients and other miscellaneous business-related expenses incurred by RRs.

The Firm enters into certain agreements with various organizations and associations pursuant to which such entities endorse financial products and services offered by or through the Firm and its affiliates. Typically, such entities provide access to their members in exchange for a flat fee or other negotiated compensation arrangement permitted by applicable law.

The Firm enters into marketing arrangements with third parties ("Solicitors") who will receive compensation from the Firm for referring prospective investment advisory clients to the Firm. Where required by federal or state law, each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor that complies with the SEC's "cash solicitation" rule (Rule 206(4)-3). In particular, clients will be provided with copies of Part 2A of the Firm's Form ADV, a separate solicitor disclosure statement that describes the nature of the marketing or referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under applicable law. The fees and expenses that the Firm pays to a Solicitor under these referral arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Under these marketing arrangements, a Solicitor introduces prospective clients to the Firm or an IA-Rep to further discuss whether the Firm's investment advisory services, including a Program, may be appropriate for the prospective clients. The Solicitor's sole responsibility under the marketing arrangement is to refer prospective clients to the Firm or an IA-Rep and may not provide investment advice to prospective clients or the Firm's clients on behalf of the Firm or the IA-Reps. Additional information about this arrangement, including the relationship between the Solicitor and the Firm, the role of the Solicitor and any compensation that the Firm pays to the Solicitor for introducing prospective clients, is outlined in a separate solicitor disclosure statement, which the Solicitor will provide to prospective clients before they are introduced to the Firm or an IA-Rep.

The Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into alliance arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's advisory services to IA-Reps. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually obtain advisory services from the Firm. Employees of the Financial Institutions are not authorized to provide investment advice, or discuss the features of, or qualify individuals for, advisory services, on behalf of the Firm. Employees of Financial Institutions may receive nominal compensation for referring individuals to IA-Reps regardless of whether such individuals obtain advisory services from the Firm. To the extent that a referred client participates in a Program, the compensation paid to Financial Institutions or their employees as described herein can increase or otherwise affect the fees a customer pays for obtaining advisory services from the Firm. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Investnet pays the Firm a fee to attend Firm sponsored sales and/or training conferences. Investnet generally networks with and provides training to the IA-Reps and Firm personnel during these conferences. The fee received by Firm is used to offset expenses associated with hosting the conferences and is not paid to the IA-Reps or other associated persons. While the IA-Reps do not receive a portion of the fee, the IA-Reps may be more likely to recommend the Program to prospective clients because of the education and the exposure they receive on the Program and/or Investnet.

Your IA-Rep is compensated by the Firm and its affiliates for the services described in this brochure, for other advisory services provided to customers and for the sale, renewal and servicing of various investment products. Your IA-Rep's overall compensation includes base commissions and other forms of compensation that may vary from product to product, service to service, and/or by the amount of the assets in his or her clients' accounts. You should be aware that the amount of his or her compensation will increase in part based upon the opening of your account and the amount of assets in your account within a defined period of time. He or she also is eligible for additional cash compensation (such as medical, retirement and/or other benefits) and non-cash compensation (such as conferences and sales support services) based upon similar criteria, including overall sales and productivity, as applicable. Also, IA-Reps are required to meet minimum overall sales requirements in order to continue their affiliation with MassMutual and its affiliates and/or to continue to qualify for certain compensation arrangements described above.

Therefore, your IA-Rep has an incentive to offer you programs referenced in this Firm Brochure in order to meet these requirements and to recommend that you increase the amount you have invested in such programs. Additionally, your IA-Rep's manager is compensated by the Firm and its affiliates generally based on overall sales goals, including those that include the Programs referenced in this Firm Brochure, achieved by the IA-Reps whom they supervise and may qualify for additional compensation based on non-sales related factors as set by the Firm and/or its affiliates from time to time. Generally, the manager's compensation is aligned with that of your IA-Rep, as noted above.

MMLIS pays Envestnet and NFS a fee for the services that they provide in the Programs. MMLIS pays Envestnet an annual licensing fee. MMLIS pays Envestnet an additional, tiered platform fee in the event MMLIS exceeds a level of assets under management in these programs. For all of its advisory program accounts held at NFS, MMLIS pays fees to NFS relating to clearing, custody and administrative services that NFS provides for these accounts.

MMLIS does not pay transaction fees to NFS and MMLIS does not charge transaction fees to clients. However, when the number of trades in a client's account exceeds a certain threshold, NFS will charge MMLIS a set fee per trade. MMLIS does not pass this fee on to the client. This presents a conflict of interest because MMLIS has an incentive to limit the number of trades in a client's account below the threshold that would lead to NFS charging MMLIS a transaction fee. This conflict is mitigated because the threshold is high relative to average trading volumes and the trading fee is low.

MMLIS pays Envestnet and NFS a fee for the services that they provide in the Programs. MMLIS pays Envestnet an annual licensing fee. MMLIS pays Envestnet an additional, tiered platform fee in the event MMLIS exceeds a level of assets under management in the advisory programs on Envestnet's platform. For all of its advisory program accounts held at NFS,

MMLIS pays fees to NFS relating to clearing, custody and administrative services that NFS provides for these accounts.

### **Relationship with NFS**

Not all investment advisers are dually registered as broker/dealers or have affiliates that are broker/dealers. Further, not all investment advisers that are dually registered as broker/dealers or that have affiliated broker/dealers require their clients to use the related broker/dealer as introducing broker. MMLIS has an incentive to select itself as the introducing broker-dealer for the Program. In addition, although MMLIS is often able to obtain price improvement through its trade executions with NFS that it believes is beneficial to its clients, MMLIS' clearing relationship with NFS provides MMLIS with economic benefits by using itself as the broker/dealer and NFS as the clearing firm for accounts. For example, MMLIS receives revenue-sharing payments from NFS as described below and in Item 4 – Mutual Funds and Revenue Share from NFS. MMLIS' agreement with NFS also provides that NFS shall pay to MMLIS incentive credits for reaching and maintaining certain levels of assets with NFS.

MMLIS receives revenue sharing payments from NFS for investments in mutual fund shares in NFS's NTF, iNTF and TF programs. If available, the Firm, as a broker-dealer, also earns 12b-1 fees from certain mutual funds for providing distribution and/or administrative services to mutual funds. In addition, the fee MMLIS pays to NFS is based on the aggregate assets clients invest in advisory accounts, excluding any investments in NTF and iNTF mutual fund share classes, cash and cash equivalents. Please see Item 4 of this Firm Brochure for additional information about the revenue-sharing payments MMLIS receives from NFS, 12b-1 fees and the fee MMLIS pays to NFS, and the resulting conflicts of interest.

MMLIS receives service credits from NFS, based on the total assets that MMLIS customers' custody with NFS, including the assets in the Program. Therefore, MMLIS has an incentive to recommend products and services that will lead to more assets being custodied with NFS, including the Program. These credits are paid directly to the Firm and are not shared with IA-Reps.

NFS will also pay fees to attend Firm sponsored sales and/or training conferences.

This additional compensation received by MMLIS creates a conflict of interest with MMLIS' clients because MMLIS has an economic incentive to use NFS as its clearing firm for trade execution and custody over other firms that do not or would not share revenue with MMLIS. In selecting NFS as the clearing firm, MMLIS considers the full range and quality of NFS' services including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness. Further detailed discussion of the economic benefits MMLIS receives from its relationship with NFS can be found in this Item 9.

### **Relationship with Envestnet**

In addition to the advisory business relationship between Envestnet and the Firm as described in Item 4 above, MMLIS has entered into other agreements with Envestnet and Envestnet affiliated investment advisers to offer other advisory programs. Please contact MMLIS or your IA-Rep for additional information about such programs. Furthermore, Envestnet and, if applicable, its affiliates and subsidiaries, from time to time pay fees to attend Firm sponsored sales and/or training conferences. Representatives from Envestnet and, if applicable, its affiliates and subsidiaries, generally network with and provide training to IA-Reps and the Firm's personnel at these conferences. In 2019, Envestnet paid \$150,000 in such fees to the Firm and in 2020, Envestnet is expected to pay approximately \$125,000 in such fees to the Firm. The fees received by the Firm are generally used to offset expenses associated with hosting conferences and other expenses, and are not paid directly to IA-Reps. While IA-Reps do not receive a portion of these fees, IA-Reps maybe more likely to recommend the Program, other Envestnet advisory programs, or products offered through Envestnet's affiliates or subsidiaries that are accessible through the Firm, to prospective clients because of the education and the exposures that IA-Reps receive on such services and products.

The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. However, the Firm instructs NFS to rebate the 12b-1 fees directly to such client Account. Clients should contact their IA-Rep for more information about share classes

Certain IA-Reps of the Firm may also be affiliated with and provide investment advisory services, primarily financial planning services, through an investment adviser that is not affiliated with the Firm ("Third Party Adviser"). In that respect, such IA-Reps may offer investment advisory programs through both the Firm and the Third Party Adviser. The compensation that they receive from the Third Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third Party Adviser may differ materially from the programs made available by the Firm, the IA-Reps may potentially recommend an investment advisory program that offers them the greatest compensation potential.

### **Bank Sweep Arrangement**

If client rejects the default cash sweep option selected by the Firm and elects the bank sweep arrangement as the cash sweep option for client's account, MMLIS will earn fees from NFS on the amount of money in the bank sweep arrangement. MMLIS receives a higher amount than Client on funds invested in the bank sweep arrangement. In addition, as interest rates rise, the payment the Firm receives from NFS increases. As a result, MMLIS has an incentive for clients to select the bank sweep arrangement as the cash sweep option for their accounts. MMLIS mitigates this conflict of interest by selecting a cash sweep option for which it does not earn fees as the default option for client accounts. In addition, IA-Reps do not receive any of the fees that NFS pays to MMLIS, and IA-Reps do not receive any more or less compensation based on what cash sweep option is selected by a client.

The Custodian and the financial institutions that participate in the bank sweep arrangement ("Program Banks") may also earn a fee in connection with offering and/or administering the arrangement. Please refer to the disclosure document for the bank sweep arrangement for full details. MMLIS is not affiliated with Custodian or any of the Program Banks. MMLIS and its affiliates may provide offer products and services to Custodian, Program Banks and each of their employees, officers, directors, agents and independent contractors in MMLIS's normal course of business.

### **ITEM 15. CUSTODY**

For the Asset Management Programs detailed below, although assets are held by a qualified custodian, MMLIS is deemed to have custody of client funds or securities solely because it has the ability to direct the custodian to deduct advisory fees from the client's account:

- Envestnet Asset Management Unified Managed Account Program
- Envestnet Portfolio Solutions Managed Asset Portfolio Program
- Envestnet Portfolio Solutions Managed Asset Portfolio-ActivePassive Portfolios™ Program
- Envestnet Portfolio Solutions Managed Asset Portfolio-Unified Managed Account Program



- **Mutual Fund Allocation Program**

In these programs, clients will receive quarterly account statements from the account custodian. Clients should carefully review those statements. Clients are urged to compare the account statements received from the custodian with the quarterly performance statements, or other reports, provided by or on behalf of MMLIS.

While MMLIS does not hold client funds, securities, or other holdings, MMLIS is deemed to have limited custody for certain client accounts under SEC rules due to certain limited authorization clients grant to MMLIS to instruct NFS to disburse, or transfer, funds, securities, or other holdings on the client's behalf. As a result, MMLIS is required to undergo an annual surprise inspection of its client accounts by an independent public accountant.

## **ITEM 16. INVESTMENT DISCRETION**

For the programs detailed in this brochure, MMLIS accepts discretionary authority to manage securities on behalf of clients as described in Item 4. In such cases, clients grant the Firm discretionary authority through the investment advisory agreement.

## **ITEM 17. VOTING CLIENT SECURITIES**

MMLIS does not vote proxies on behalf of clients. MMLIS does not advise clients on how to vote proxies. Please refer to the additional details below.

1. **Envestnet Asset Management Programs.** For programs available through Envestnet, Envestnet or the Sub-manager, if applicable, is responsible for voting proxies. Please refer to Envestnet's brochure for additional information on proxy voting procedures applicable to Envestnet programs.
2. **Envestnet Portfolio Solutions Programs.** In the Managed Asset Portfolio Program, the custodian, National Financial Services, LLC ("NFS"), sends proxy material directly to clients. For the Managed Asset Portfolio-ActivePassive Portfolios Program and the Managed Asset Portfolio-Unified Managed Account Program, clients may elect to have Envestnet Portfolio Solutions voting proxies. Clients who have elected to have Envestnet Portfolio Solutions vote proxies should refer to Envestnet Portfolio Solutions' brochure for additional information on their proxy voting procedures. Clients who have not made such election will receive proxies from the custodian, NFS.
3. **SEI Asset Management Program.** For the SEI Asset Management Program, SEI sends all proxy material to the client.
4. **Mutual Fund Allocation Program.** For the Mutual Fund Allocation Program the custodian, National Financial Services, LLC ("NFS"), sends proxy material directly to clients.

## **ITEM 18. FINANCIAL INFORMATION**

This Item is not applicable to MMLIS.

## IMPORTANT NOTICES TO CLIENTS

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask you for your name, address, date of birth and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents. Similarly, we will ask for identifying information and/or documents for accounts opened on behalf of an entity, rather than an individual (e.g. trusts, corporations). If you cannot provide the information or documentation we require, we may be unable to open an account or effect a transaction for you.

## PRIVACY POLICY

We recognize that our relationships with you are based on integrity and trust. As part of that trust relationship, we want you to understand that in order to provide our products and services to you, we must collect, use and share personal information about you. This Privacy Notice describes policies and practices about how we protect, collect and share personal information related to the financial products and services you receive from us. It also describes how you can limit some of that sharing.

### ***We Protect Your Personal Information By:***

- Using security measures that include physical, electronic and procedural safeguards to protect your personal information from unauthorized access or use in accordance with state and federal requirements.
- Training employees to safeguard personal information and restricting access to personal information to employees who need it to perform their job functions.
- Contractually requiring business partners with whom we share your personal information to safeguard it and use it exclusively for the purpose for which it was shared.

### ***Personal Information We May Collect:***

The types of personal information we may collect depends on the type of product or service you have with us and may include:

- Information that you provide to us on applications or forms, during conversations with us or our representatives, or when you visit our website (for example, your name, address, Social Security number, date of birth, income and assets).
- Information about your transactions with us and our affiliates, including your account balances and transactional history.
- Information from third parties such as consumer or other reporting agencies or other institutions if you transfer positions or funds to us.

### ***We May Share All of the Personal Information We Collect, As Described Above, With:***

- Registered representatives who provide our products and services to you;
- Our affiliated companies, such as insurance or investment companies, insurance agencies or broker-dealers that market our products and services to you;
- Companies that perform marketing or administrative services for us;
- Nonaffiliated companies in order to perform standard business functions on our behalf including those related to processing transactions you request or authorize, or maintaining your account;
- Courts and government agencies in response to court orders or legal investigations;
- Credit bureaus; and
- Other financial institutions with whom we may jointly market products, if permitted in your state.

In addition, we may share certain of your personal information with your registered MMLIS representative, when he or she leaves MMLIS to join another financial institution (whom we call a "departing representative") so that he or she can continue to work with you at his or her new firm.

### **Important Privacy Choices**

MMLIS respects your privacy choices. If you prefer that we do not share your personal information about your accounts held with us with your departing representative, you can opt out of such sharing, that is, you may direct us not to do so. If you wish to opt out of the sharing of your personal information with your departing representative you may:

- Call us at at 1-855-520-7715.

You may make this privacy choice and contact us at any time, however, if we do not hear from you we may share your information with your departing representative as described above. If this is a joint account, if one joint owner tells us not to share information that choice will apply to the other owner or owners. If you have already told us your choice, there is no need to do so again.

Other than as described above, we will only share your personal information as permitted by law and, if the law requires us to obtain your consent or give you the opportunity to opt-out of some types of sharing, we will do so before sharing the information.

For California and Vermont residents, we will not share your personal information with your departing representative unless we receive your express consent.

If you are no longer our customer, we may continue to share your personal information as described in this Privacy Notice.

If you have questions or concerns about this Privacy Notice, please contact us at at 1-855-520-7715.