

## Item 1 Cover Page

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<https://www.pershing.com/what-we-provide/managed-account-solutions/investment-advisory-services-and-research>

Co-Sponsored Programs

Wrap Fee Program Brochure

Form ADV Part 2A, Appendix 1

(as of March 30, 2020)

**This Wrap Fee Program Brochure (“Brochure”) provides information about the qualifications and business practices of Lockwood Advisors, Inc. (“Lockwood”). If you have any questions about the contents of this Brochure, please contact us at (800)-200-3033, Option 3. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.**

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

Lockwood is a registered investment adviser with the SEC. SEC registration neither implies nor asserts that the SEC nor any state securities authority has approved or endorsed Lockwood or the contents of this disclosure. In addition, SEC registration does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Following is a summary of material changes since the last annual update of this Brochure, dated March 29, 2019:

- Item 4 (H) was updated to clarify that FDIC insured sweep vehicles selected for ERISA and IRA accounts pay compensation to Lockwood affiliate Pershing.
- Item 6 (K) has been updated to reflect updated processes Lockwood follows when exercising proxy voting authority delegated to it by certain clients.

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## **Item 4 Services, Fees and Compensation**

### **A. About Lockwood**

Lockwood was organized in 1995 and opened for business in the summer of 1996. It is registered with the SEC as an investment adviser. In 2002, The Bank of New York Company, Inc. acquired Lockwood. Lockwood is now an indirect, wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), a publicly-owned company. An affiliate of Lockwood, Pershing LLC (“Pershing”) is a SEC registered broker-dealer that is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”) and the New York Stock Exchange (“NYSE”). Lockwood may delegate certain functions to its affiliates, including the Managed Accounts Solutions division of Pershing (“Managed Investments”). Lockwood does not have any offices located outside of the United States. Lockwood may accept certain non-U.S. clients, in its sole discretion, in accordance with all applicable laws.

On July 1, 2010, BNY Mellon purchased PNC Global Investment Servicing Inc., the parent of PNC Managed Investments Inc. (“PNC Managed Investments”) (formerly ADVISORport, Inc.) from The PNC Financial Services Group, Inc. (the “Transaction”). In connection with the Transaction, PNC Managed Investments became a part of Lockwood. The transition to Lockwood was accomplished in two steps. At the closing of the Transaction, PNC Managed Investments transferred its advisory business to Lockwood and, in turn, Lockwood delegated to PNC Managed Investments certain operational activities in support of the advisory programs. For transitional purposes, PNC Managed Investments was renamed BNY Mellon Managed Investments Inc. (“BNYMMI”) on July 1, 2010 and was merged with and into Lockwood in 2011. This Wrap Fee Brochure (the “Brochure”) describes certain of the programs originally administered by PNC Managed Investments prior to the transaction.

Lockwood provides services to financial institution customers, which are typically investment advisory firms (“Firms”), which are not affiliated with Lockwood. For such entities, Lockwood provides turnkey solutions designed to enable Firms to outsource activities, such as, generating investment proposals for their clients, maintaining client accounts, trading and providing investment performance reporting. Client level advice is generally provided directly by employees, agents, affiliates or other delegated persons of a Firm (collectively, “Consultants”). The Firms and/or Consultants that use this solution create a menu of investment selections and services for their clients.

Lockwood acts in a co-sponsor capacity, structuring and tailoring menus of investment selections and services for your consideration. The tailored menus of investment selections and services may come from a variety of different asset management firms (“Portfolio Managers”), and Lockwood combines them to create menus of investment options or bundled investment solutions.

Lockwood contracts with the Firms to provide investment advisory services in connection with investment programs. The Firms, in turn, provide their clients, such as yourself and others who may be individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates,

charitable organizations, and corporations or business entities, access to Lockwood's services, including research and investment programs.

Lockwood also provides investment advice to other financial intermediaries that participate in one or more Lockwood programs. In addition, Lockwood provides investment advice to its affiliate, Pershing, relating to FundVest 200, a research-driven list of no-transaction fee mutual funds available through Pershing.

Lockwood's investment programs may be used by more than one Firm or designed especially for one Firm. In addition, such programs may be fixed (allowing no discretion on the part of the Consultant who provides advice to you) or flexible (allowing some discretion or choice by the Consultant). Lockwood's range of offerings described in this Brochure includes the programs (the "Programs") below:

- Flexible Unified Managed Account ("Flex UMA") program
- Fixed Income SMA ("FISMA") program

Your Firm may customize the names of the Programs when describing the particular Programs available to you through the Firm. Please refer to your investment advisory agreement with your Firm and Lockwood (the "Client Agreement") and consult with your Consultant for more information regarding the Program(s) in which you may be enrolled.

Lockwood may perform services in one or more of the following capacities:

- Work with your Consultant to offer investment advisory services designed to meet clients' individual needs;
- Serve as co-sponsor of a program;
- Conduct due diligence and provide research on certain Portfolio Managers, mutual funds and other investment vehicles itself or through the BNY Mellon Manager Research Group;
- Act as manager in certain Programs;
- Calculate the investment performance of each client's account both for programs sponsored by Lockwood and certain programs not sponsored by Lockwood;
- Write reports on economic and financial market conditions, as well as on investment strategies; and
- Provide mutual fund screening services.

## **B. Programs and Services**

Your Consultant may give you an investment questionnaire to collect financial information from you, so he or she can assist you in establishing appropriate investment goals, objectives and an investment policy for your investment portfolio(s) ("Investment Questionnaires"). In general, once you and your Consultant determine which program(s) and investment choices best suit your needs, the Consultant submits the necessary paperwork to Lockwood. You, your Firm and Lockwood enter into a Client Agreement. You will open a brokerage account ("Brokerage Account") with a broker-dealer that you designate in the Client Agreement ("Designated Broker").

Based on your information collected in the Investment Questionnaire, your Consultant formulates an asset allocation proposal and identifies Portfolio Managers that your Firm and Consultant believe are appropriate for your investment account. Generally, your Consultant will present you with a written investment proposal. Your Consultant will ask you to accept and approve this investment proposal. As part of the acceptance and approval process, and by signing the Client Agreement, you authorize Lockwood to delegate to the selected Portfolio Manager(s) discretionary trading authority over that portion of your account delegated to the Portfolio Manager(s). In some cases, Lockwood may be the selected Portfolio Manager.

It is your responsibility to inform your Consultant if you have any changes in your financial circumstances. You and your Consultant will then determine if the changes affect the suitability of your current investments. It is also your responsibility to tell your Consultant if you wish to change or impose any new restrictions or objectives regarding the management of your account. Quarterly, your Consultant will pursue all reasonable means to notify you in writing of your duty to contact your Consultant regarding any changes you want to make. At least once a year, your Consultant will pursue all reasonable means to consult with you to determine if there have been any changes in your financial situation or investment objectives, and whether you wish to change your existing instructions or impose any new instructions regarding the management of your account.

The custodian for your account depends on your Program and your Firm, and is detailed in your Client Agreement.

The following is a description of the specific programs currently offered:

1. Flex UMA

Lockwood's Flex UMA was developed for clients looking to diversify their investment portfolio among different investment styles using a variety of investment types and vehicles in one consolidated brokerage account. E\*TRADE Capital Management, LLC is the co-sponsor of a UMA program named Dedicated Portfolios. In the Dedicated Portfolios UMA, Lockwood acts as the co-sponsor and the Portfolio Manager and provides your Consultant with suggested combinations of Model Providers' strategies, ETFs and/or mutual funds for one account.

Working with your Consultant, Lockwood may:

- Assist in the development of one or more UMA investment strategies designed to fit your investment goals and objectives;
- On a discretionary basis, invest and reinvest your assets in a combination of equity security model portfolios, ETFs, and/or mutual funds in accordance with your chosen allocation strategy;
- Review and if indicated, rebalance your account in accordance with your Client Agreement; and/or
- With respect to performance reports, provide (i) your Firm and Consultant with quarterly performance reports which your Consultant, in turn, may provide to you; (ii) the quarterly performance reports to a print vendor chosen by Lockwood, which will print and mail the quarterly performance reports to you; or (iii) the quarterly performance reports to a print



vendor chosen by the Firm and the print vendor will print and mail the quarterly performance reports to you on behalf of your Firm.

Lockwood's fees for the UMA may vary by client. Lockwood's UMA fee ("UMA Fee") is a bundled fee and covers Lockwood's investment management fee, its screening and selection of Model Providers, ETFs and mutual funds, the Model Provider fee, as well as Lockwood's provision of the platform and administrative services. Examples of Lockwood's platform and administrative services include providing asset allocation tools and models, performance reports, periodic account billing, document processing and providing information systems.

Lockwood may be paid a maximum bundled UMA Fee of 0.65%, which includes the fee paid to the Model Providers. Please see Exhibit A for a list of Model Providers and their fees. In addition, the fees charged by a Model Provider in the Program may be different from the Model Provider's fee where there is no overlay management. Please refer to each Model Provider's Form ADV, Part 2 or alternatively, if applicable, its disclosure brochure for more information about its fees. Lockwood retains the difference between the UMA Fee and the Model Provider's Fee. The portion of the Bundled UMA Fee retained by Lockwood is directly tied to the number of, and fees charged by, the Model Providers in your Flex UMA account. For example, if you and your Consultant and/or Firm do not select a Model Provider as one of the components for your UMA, Lockwood would retain the entire UMA Fee. In addition, a Flex UMA account with a balance close to the minimum investment may have limited Model Provider options available in the construction of the account, which may result in Lockwood retaining a greater portion of the UMA Fee than it would for an account with a higher investment balance and a greater number of Model Providers. As described more fully in Item 6.B.3, Lockwood offers flexibility to you and your Consultant and/or Firm to choose the Model Provider(s), ETFs and/or mutual funds that will fill the asset allocation forming the Model you selected. Lockwood does not select any particular Model Provider(s), or any particular number of Model Provider(s), for your account.

In addition to the UMA Fee, you are responsible for your Firm's and/or Consultant's fees, internal mutual fund and other pooled vehicle fees and expenses, including any short-term redemption fees a mutual fund may impose, as well as any brokerage and custody fees that may be imposed by your Designated Broker and/or custodian.

## 2. The Fixed Income SMA Program ("FISMA Program")

The FISMA Program was developed to provide you with access to Fixed Income Portfolio Managers. E\*TRADE Capital Management, LLC is the co-Sponsor of a FISMA Program called Fixed Income Portfolios.

Lockwood's bundled SMA fee ("FISMA Fee") covers the screening and selection of Portfolio Managers, as well as the provision of platform and administrative services (e.g., periodic account billing, document processing, information systems and other administrative services). Lockwood may be paid a maximum FISMA Fee of 0.175%, which does not include the fee paid to the Portfolio Managers ("Portfolio Manager Fee"), as described below

Portfolio Manager Fees vary because each Portfolio Manager sets its own fee. A Portfolio Manager's fee typically ranges between 0.14% - 0.25% of assets annually on an account basis. Lockwood has entered into contractual arrangements with Portfolio Managers who have agreed to manage accounts for the fees described in Exhibit B.

In addition to the FISMA Fee and the Portfolio Manager fees, you are responsible for your Firm's and/or Consultant's fees, internal mutual fund and other pooled vehicle fees and expenses, including any short-term redemption fees imposed by a mutual fund, as well as any brokerage and custody fees that may be imposed by your Designated Broker and/or custodian.

### **C. Additional Fee Information**

You generally will pay one fee ("Advisory Fee") for the combined advisory services of Lockwood, your Firm and/or Consultant and, if applicable, Portfolio Manager(s) and Model Provider(s). Please refer to your Client Agreement for your total Advisory Fee. Some clients may pay more or less than others depending on certain factors, including the type and size of the account(s), the historical or anticipated transaction activity, the range of additional services provided to the account, the aggregate amount of your relationship assets under management with Lockwood, and the managed account program in which you participate.

In evaluating a wrap program, clients should consider a number of factors. A client may be able to obtain some or all of the services available through a particular wrap fee program on an "unbundled" basis through the program sponsor or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the single, all-inclusive fee charged in the wrap fee program. Payment of an asset-based fee may or may not produce accounting, bookkeeping or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees. Any securities or other assets used to establish a wrap fee program account may be sold, and the client will be responsible for payment of any taxes due. Lockwood recommends that each client consult with his or her tax adviser or accountant regarding the tax treatment of wrap fee program accounts.

The Advisory Fee is calculated as a percentage of assets under advisement and will vary depending upon the services provided to you. The Advisory Fee is based on the total assets in your account, including any portion of the account maintained in cash (and/or short-term investments including, but not limited to, money market funds).

Fees are billed pro rata when you open and fund your account for the remainder of the calendar quarter and quarterly thereafter, unless indicated otherwise in your Client Agreement. A portion of this Advisory Fee is paid to each of the Firm and/or Consultant, Portfolio Manager(s), and Model Provider(s), as applicable, for their respective services according to their applicable fee schedule. Each Portfolio Manager engaged by you or by your Consultant, on your behalf, will set and charge fees independently. As a result, fees will vary by Portfolio Manager. Please refer to Exhibit B for a list of the Portfolio Managers available in the Programs and their fees.

In addition, Portfolio Managers that participate in the Programs described in this Brochure may participate in other Lockwood Programs and their fees in those other Programs may be different.

Similarly, the Consultants set and charge fees independently and the fees charged by Consultants may vary accordingly.

Unless you instruct otherwise, Lockwood or the custodian debits your account for the fees charged by Lockwood, the Firm and/or Consultant, custodian and, if applicable, Portfolio Manager(s) and Model Provider(s), as applicable, and remits the fees to the respective parties, accordingly. You may pay more or less for services at Lockwood than you would if you purchased similar services separately from other providers.

There may be other costs assessed which are not included in the Advisory Fee described above, such as fees, expenses and charges levied by mutual funds, ETFs, money market mutual funds, costs associated with the purchase and sale of certain mutual funds and other similar securities held in your account, dealer mark-ups, odd lot differentials, exchange or auction fees, transfer taxes, any fees imposed by the SEC, electronic fund and wire transfer fees, clearing and custody costs, fees or commissions for securities transactions, costs associated with temporary investment of your funds in a cash management account, trust service charges and other charges mandated by law. The classes of the mutual funds selected for the models in certain managed account programs may differ from the share classes of the same mutual funds selected for similar models in other managed account programs. For example, certain managed account programs may primarily include lower cost institutional or advisory share classes of mutual funds while certain managed account programs primarily include retail shares of mutual funds. Certain retail classes, such as Class A shares generally impose shareholder servicing fees (commonly known as Rule 12b-1 fees) which are not generally imposed by institutional or advisory share classes. As a result these mutual fund share classes may be less cost effective than institutional or advisory share classes. The class of mutual fund shares included in a managed account program may vary for a number of factors, including the Program's minimum account size and the arrangements the fund companies are willing to agree to.

Before deciding to invest in a managed account program, you should carefully consider all of the fees you may incur, including both the Advisory Fee and the fees charged by the Program's underlying investments. For more information regarding these fees and to determine which fees are included in the Advisory Fee, you should refer to the Client Agreement and the account opening forms of the Designated Broker signed separately from the Client Agreement. With respect to a mutual fund company's fees and expenses, including short-term redemption fees and Rule 12b-1 fees, you should read the prospectus carefully.

The Advisory Fees you pay in the FISMA Program may or may not include any fee reductions provided by Portfolio Managers to Lockwood after Lockwood reaches a certain level of assets under management with the Portfolio Manager. These levels are known as breakpoints. Lockwood retains any savings with respect to corresponding reductions in fees paid to Portfolio Managers. As a result, Lockwood could have an incentive to engage, retain or, with respect to the Fixed UMA program, direct your assets to Model Providers whose breakpoint schedules favor Lockwood. To mitigate the risk posed by that potential conflict of interest, the Investment Committee will not take into consideration the breakpoint schedules between Lockwood and any Portfolio Manager when determining whether to engage, retain, recommend or discontinue use of a particular Portfolio Manager.

Lockwood reserves the right, in its sole discretion, to negotiate or modify (either up or down) the basic fee schedules set forth herein for any client due to a variety of factors, including but not limited to: the level of reporting and administrative operations required to service an account, the investment strategy or style, the number of portfolios or accounts involved, the size of your account, the total assets under management and/or the number and types of services provided to the client. Because Lockwood's fees are negotiable, the actual fee paid by any client or group of clients may be different from the fees reflected in Lockwood's basic fee schedules set forth herein.

If you have multiple accounts with Lockwood, Lockwood may combine your assets for fee calculation purposes, as described in the Client Agreement.

If you choose an asset-based fee schedule for custody and trade execution service directly with a Designated Broker and custodian, that fee may be charged separately and will be in addition to the Advisory Fee paid to Lockwood. Your custodian may assess additional charges for transactions executed other than at your custodian. A more detailed explanation of these fees for custody and trade execution can be found in the account opening forms of your Designated Broker signed separately from the Client Agreement. Please refer to Section D(2) below, "Transaction Charges Resulting From Trades Effected Through Broker-Dealers Other Than Designated Broker" regarding the reasoning and added costs and fees you may incur when your Portfolio Manager elects to execute trades away from your Designated Broker.

Lockwood may impose a minimum annual fee ranging from \$75 to \$400, per account, in accordance with your Client Agreement. In addition, Lockwood may charge a termination fee, in its discretion and subject to the terms of your Client Agreement.

For additional information on your fee, you should refer to your Client Agreement.

#### 1. Firm Administrative Fee

Additionally, Lockwood has entered into arrangements with certain Firms whereby such Firms are compensated for performing certain administrative functions for your account. These administrative functions may include account opening and maintenance functions, billing support, and facilitating your contributions, withdrawals and termination notices. This additional fee that is paid from your account to the Firm is included in the Lockwood portion of the Advisory Fee. Under this arrangement, the Lockwood portion of your Advisory Fee may be up to 0.150% more than that charged to clients of Firms that have not entered into such a relationship with Lockwood. However, the Lockwood fee will not exceed the maximum amounts described above for each Program.

#### 2. Determining the Total Market Value of a Client's Account for Payment of Advisory Fee

The total market value of your account as determined for purposes of payment of the Advisory Fee is established as follows:

If you pay your fee quarterly in advance, you pay an initial fee after the date the custodian receives the initial assets for your account. For post-inception deposits in excess of \$25,000 made during a calendar quarter, Lockwood may charge prorated fees on each deposit. You pay

for that portion of the on-going quarterly Advisory Fee that relates to the number of days remaining in the calendar quarter as of the date that Lockwood assumes responsibility for each account. This Advisory Fee will be based on Lockwood's or your custodian's record of the total market value of the assets in each account on that date, including any assets held in cash. No adjustment or refund will be made with respect to partial withdrawals that may be made during any calendar quarter. The process for charging fees for post-inception deposits made during a calendar quarter may vary by Firm.

After the initial billing period, you pay the quarterly Advisory Fee to Lockwood at the end of each calendar quarter for the following quarter. This Advisory Fee will be based on the total market value of the assets in the account on the last business day of the prior quarter.

If you pay your fee at the end of the quarter, which is known as "paying in arrears," you will first pay your fee at the end of the first calendar quarter after your account is opened. Your fee will be prorated for the number of days your account was open during that first quarter. Then, you will be billed at the end of each calendar quarter. This Advisory Fee will be based on the total market value of the assets in each account on that date, including any assets held in cash.

For clients of certain Firms, Lockwood's FISMA Base Fee and/or UMA Base Fee is based on the average of the account's daily total market value for the prior quarter. For clients of these Firms, however, the Advisory Fee may be based on the total market value of the assets in the account on the last business day of the prior quarter. In addition, where Lockwood's UMA Base Fee is based on the average of the account's daily total market value for the prior quarter, the fees paid to Model Providers are based on the average of the account's total market value on the first day of the quarter and the last day of each month in that quarter.

In some cases Lockwood's fee may be calculated based on the total assets that the Firm has with Lockwood in a particular program or overall. This is known as an "institutional fee". If there is an institutional fee, Lockwood's fee percentage may decrease as the total amount of assets with the Firm increases. This will not affect the calculation of your Advisory Fee.

You may terminate your accounts at any time, in which case, fees will be prorated from the start of the current billing period through the termination date. If Lockwood charges your fee quarterly in advance, the daily proration upon termination after the first year may result in a rebate to you of the unused portion of the quarterly fee. If Lockwood charges your fee quarterly in arrears, then at the time your account terminates you will pay a fee prorated for the number of days your account was open during the calendar quarter your account terminates.

Lockwood may, at its sole discretion, terminate your account provided that Lockwood notifies you in advance, and subject to the terms of your Client Agreement. After such termination, Lockwood shall not be liable to you for any loss incurred by you.

Please refer to your Client Agreement for more information about your Advisory Fee.

### 3. Other Compensation of Firms and Consultants

As set out above, Lockwood maintains contracted relationships with various Firms. Such Firms utilize the services provided by Lockwood to assist you in asset allocation modeling, asset

selection and consolidated reporting, as well as gaining access to mutual funds, Portfolio Managers and Model Providers that might otherwise be unavailable to you. You are made aware of such contractual relationships at the time you enter into an agreement with Lockwood and your Firm. Firms and Consultants recommending Programs described in this Brochure may receive compensation as a result of your participation in these Programs. The amount of this compensation may be more than what a Firm or Consultant would receive should you participate in other programs offered by your Firm and/or Consultant or if you paid separately for investment advice, brokerage, and other services. In addition, Firms and/or Consultants recommending certain mutual funds described in this Brochure may have mutual fund marketing and compensation arrangements with those mutual funds and may receive compensation as a result of your investment in these mutual funds. The amount of this compensation may be more than what a Firm and Consultant would receive should a client invest in other mutual funds offered by your Firm and/or Consultant. As a result, there may be a financial incentive for certain parties to recommend the Programs described in this Brochure over other programs or services. For more information on services offered, and fees charged, by your Firm and/or Consultant, you should review the Firm's Form ADV Part 2 and your Client Agreement.

#### **D. Other Fees**

There may be other costs assessed which are not included in the Program fee, such as fees, expenses and charges levied by mutual funds, ETFs and money market funds as described above in Section B. This section describes additional fees not included in the Program fee.

##### **1. Additional Fees Charged by the Custodian**

There may be other costs assessed which are not included in the Program fee, such as fees, expenses and charges levied by mutual funds, ETFs and money market funds and any transaction taxes associated with the underlying investments held. In addition, there may be fees charged by the custodian, as applicable, that are not included in the Program fee, such as costs associated with the purchase and sale of certain mutual funds and other similar securities held in your account, dealer mark-ups, mark-downs, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than at the custodian, any fees imposed by the SEC, electronic fund and wire transfers, costs associated with temporary investment of your funds in a cash management account, trust services charges, annual IRA custodial fees, IRA termination fees, custodial fees for prototype pension and profit sharing plans and Keoghs, custodial fees associated with special circumstances or events, such as transfer on death, returned check fees and other charges mandated by law.

Further, interest will normally be charged on a negative balance in your account. Please review the Client Agreement for further information on how Lockwood charges and collects fees.

##### **2. Transaction Charges Resulting from Trades Effected Through Broker-Dealers Other Than Designated Broker**

As noted above, the Advisory Fee and any fees you may pay to your Designated Broker do not cover transaction charges or other charges, including markups and markdowns, resulting from trades effected through or with any broker-dealer other than your Designated Broker. For this

reason, the Portfolio Manager you have selected may determine that placing your trade orders with your Designated Broker is in your best interest. Your Portfolio Manager may, however, place your trade orders with any broker-dealer firm if your Portfolio Manager believes that doing so is consistent with its obligation to obtain best execution. This is frequently referred to as “trading away” or “step out trades.” The Portfolio Manager – and not Lockwood – decides as to when it trades with your Designated Broker or away from your Designated Broker. Lockwood does not restrict a Portfolio Manager’s ability to trade away, as the Portfolio Manager’s fiduciary duty to you, as well as its expertise in trading its portfolio securities, makes the Portfolio Manager responsible for determining the suitability of trading away from your Designated Broker.

In some instances, step out trades are executed without any additional commission, mark-up, or mark-down, but in many instances, the executing broker-dealer may impose a commission or a mark-up or mark-down on the trade. In addition, some Portfolio Managers executing trades in US Treasuries will incur a system cost from the portal through which the trades are processed. These trading costs are not covered by the Program fee and will likely result in additional costs to you, although these additional trading costs may not be reflected on trade confirmations you receive or on your account statements. Often, the executing broker will embed the added costs into the price of your trade execution, making it difficult to determine the exact added cost for your transaction executed away from your Designated Broker.

You should review the Form ADV Part 2A Brochure of the Portfolio Manager you have selected for more information regarding that Portfolio Manager’s brokerage practices and conflicts of interest, and consider the additional expenses that you may incur. Also, as part of the review of your Portfolio Manager’s disclosure and expected fees, you should also discuss the Portfolio Manager’s practices regarding “trade away” or “step out trades” in order to determine how often they engage in such practices and how they ensure that you receive best execution for those transactions when they decide to do so.

With respect to the Fixed Income Portfolios Program, it is expected that Portfolio Managers will typically place trade orders with broker-dealers other than E\*TRADE Securities LLC. Since E\*TRADE Capital Management is the Co-Sponsor for the Fixed Income Portfolio Program, any trade away activity would be directed away from E\*TRADE Securities and not away from Lockwood’s affiliate, Pershing. Presently, E\*TRADE Capital Management requires the Portfolio Managers within the Fixed Income Portfolios Program to trade securities with other broker-dealers and not with E\*TRADE Securities. E\*TRADE Securities LLC may execute some limited trades if, for example, you transfer securities that must be liquidated (“Liquidation Trades”) into your Fixed Income Portfolios account. E\*TRADE Securities will execute those Liquidation Trades without any commission charges. It is expected that subsequent investments that are made with those liquidated funds will be executed by the broker-dealers selected by the Portfolio Managers.

### 3. Fees Related to International Investment Styles

Certain Portfolio Managers which offer international investment styles may purchase securities on foreign exchanges (known as “Ordinaries”), which may be held in your account as Ordinaries or may be converted to American Depositary Receipts (“ADRs”) prior to being added to your

account. You may be charged certain hard dollar fees associated with executing in local foreign markets, which are not included in the Program fee. These fees typically include, but are not limited to, brokerage expenses, local market execution fees, exchange-specific taxes/stamp duties/levies, ADR conversion fees, and/or additional settlement and custody charges. Your custodian may assess a reasonable fee for such transactions.

Portfolio Managers may include exposure to both domestic and foreign stocks in order to achieve greater diversification and increase the likelihood that a portfolio's overall investment returns will have a smoother ride. The reason is because international investment returns sometimes move in a different direction than U.S. market returns. Even when international and U.S. investments move in the same direction the degree of change may be very different. Of course, you have to balance these considerations against the possibility of higher costs, sudden changes in value, and the special risks of international investing.

Like any other investment, you should learn as much as you can about any investment style before you invest. You should research the political, economic, and social conditions that may impact the investment style your Portfolio Manager may employ so you will understand better the factors that may affect the fees that may be associated with making such an investment. Prior to investing in an international investment style that may include ADRs, investors should ask their Portfolio Managers what fees are charged to them as an ADR investor, how those fees will be assessed and how the fees or related costs will be disclosed on your financial statement.

International investing in various products can be more expensive than investing in U.S. companies. For instance, in smaller markets you may have to pay a premium to purchase shares of popular companies and in some countries there may be unexpected taxes, such as withholding taxes on dividends. Transaction costs such as fees, brokers' commissions, and taxes often are higher than in the U.S. markets. Likewise, much like investing in specific ADRs, many mutual funds that invest abroad often have higher fees and expenses than funds that invest in U.S. stocks, in part because of the extra expense of trading in foreign markets.

Certain non-U.S. jurisdictions may impose taxes on securities transactions. As an example, France has imposed a tax on transactions in eligible French equity securities, which includes Ordinaries and ADRs or similar securities representing French equity securities. As of December 1, 2012, the French tax rate was 0.2% of the market value of the trade. If you own an investment style containing any securities subject to such a tax, such as eligible French equity securities, your account will be assessed this tax, which will be remitted to the government of the applicable non-U.S. jurisdiction.

#### **E. Affiliate Compensation**

Lockwood does not charge or receive compensation in connection with the sale of securities, mutual funds or other investment products. However, certain of our affiliates may accept compensation (also referred to as "commissions") for the sale of securities, mutual funds or other investment products. Accepting commissions for the sale of securities, mutual funds or other investment products gives rise to a conflict of interest in that it may give an incentive to recommend investment products based on the compensation our affiliates may receive, rather than solely on a client's needs. Lockwood addresses this conflict of interest by structuring the wrap fee programs it sponsors so that fees are based on assets under management, rather than



transactions. The unaffiliated Portfolio Managers participating in a Program, however, may independently direct trades to an affiliate of Lockwood whereby such affiliate receives commissions. Please refer to the Portfolio Manager's Form ADV Part 2 for information about your Portfolio Manager's brokerage practices and conflicts of interest.

#### **F. Class Actions and Other Litigation**

It is Lockwood's policy that it does not advise, initiate or take any other action on your behalf relating to securities held in your account managed by Lockwood in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies). Lockwood does not file proofs of claim relating to securities held in your account and does not notify you or your custodian of class action settlements or bankruptcies relating in any way to such account. You should consult with the custodian and other service providers to verify such coverage.

#### **G. Review of Consultant Fees Exceeding 2% and Total Fees Exceeding 3%**

Lockwood carefully reviews fees in order to comply with the SEC Staff's position regarding investment advisory fees. See SEC reply to No-Action Request, John G. Kinnard & Co. Inc. (October 30, 1973) and SEC reply to No-Action Request, Consultant Publications, Inc., (December 30, 1974). Lockwood has implemented a procedure to identify individual Consultant fees that exceed 2% and total fees that exceed 3%. If there are any exceptions, Lockwood will request additional information from the Consultant and the Firm and take such other action as would be necessary.

#### **H. Sweep Options**

You may choose from a selection of money market funds or other short term cash vehicles ("Sweep Options") that are available through your Firm and/or Broker for cash held overnight in a brokerage account at your Firm. The universe of Sweep Options made available to you is in the sole discretion of either your Firm or your Broker. These money market funds are fully described in each fund's prospectus, which you should review in detail. You will receive the prospectus for the money market fund when you open your account and it will contain a complete description of any relevant fees and/or expenses.

In utilizing money market or other funds, Pershing may receive a benefit from its possession and temporary investment of cash balances in your accounts prior to investment, whether in a sweep arrangement or otherwise. Pershing may be paid certain fees relating to these money market funds, such as networking or 12b-1 fees. Pershing does not receive any fees or compensation from the non FDIC insured sweep vehicle(s) designated for IRA and ERISA accounts.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, unless disclosed otherwise in the prospectus. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds.

## **Item 5 Account Requirements and Types of Clients**

### **A. Types of Clients**

Lockwood's clients may include institutions such as financial services firms, investment management firms, insurance companies, other registered investment advisers, broker-dealers, and banks whose investor clients may consist of individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities. In addition, Lockwood may provide mutual fund selection services in connection with mutual fund wrap programs that are not sponsored by Lockwood to BNY Mellon Investment Servicing Trust Company, formerly PFPC Trust Company ("BNYMTC") and its clients may consist of individuals and institutions.

### **B. Account Minimum Requirements**

Lockwood generally imposes a \$150,000 minimum account size for each Flex UMA account, however, each Model Provider may have a different investment minimum, which is generally \$50,000 or greater. Therefore, the size of your account may impact the number of Model Providers that may be included within your Flex UMA account. For example, a Flex UMA account with a balance close to the \$150,000 minimum investment may have limited Model Provider options available in the construction of the Flex UMA account. Where assets in a particular asset class of the asset allocation forming the Model you selected are not sufficient to meet the minimum investment for the Model Provider(s) within that asset class, that portion of your portfolio may be constructed using mutual funds and ETFs.

Lockwood generally imposes \$250,000 minimum account size for each FISMA account, although Portfolio Managers which Lockwood has engaged may have different minimum account sizes. Some Portfolio Managers may have account minimums higher than the \$250,000 minimum imposed by Lockwood. You must meet the Portfolio Manager's minimum account size before the Portfolio Manager will manage your assets. Please refer to Exhibit B for a list of Portfolio Managers and their account minimums. In addition, your Firm may impose a higher minimum for FISMA accounts. Please refer to your Firm's Form ADV Part 2 brochure for information about its FISMA minimums.

Lockwood reserves the right to waive its minimum initial investment requirements, in its sole discretion. Lockwood and/or your Portfolio Manager may terminate your account should your account fail to meet the account minimum during the life of your account

### **C. General Requirements**

#### **1. Firm/Consultant Requirement**

Lockwood's services are offered to investors only through Firms such as financial advisors, financial planners, certified public accountants, broker-dealers, registered investment advisers and investment consultants. These Firms or their Consultants consult with you and provide advice to you. Consultants are not employees of Lockwood, but are independent or employed by Firms not affiliated with Lockwood.

## 2. U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Sanctions Program

In compliance with the OFAC sanctions program, Lockwood or its designee will check to verify that your name does not appear on OFAC's "Specifically Designated Nationals and Blocked Persons" List ("SDN List"). Your name will also be checked to verify that you are not from, or engaging in transactions with people or entities from, embargoed countries and regions published on the OFAC Web Site. Lockwood or its agent may access these lists through various software programs to conduct these searches in a timely and accurate manner. Lockwood or its designee will also review existing accounts against these lists when they are updated.

In the event Lockwood or its designee determines a client, or someone with or for whom the client is transacting, is on the SDN List, or is from or engaging in transactions with a person or entity located in an embargoed country or region, Lockwood will immediately contact Lockwood's Anti-Money Laundering and OFAC compliance group to determine the proper course of action, which may include: rejecting the transaction and/or blocking the client's assets; and, filing a blocked assets and/or rejected transaction form with OFAC.

## 3. Requirements for Investment Restrictions

You may put reasonable restrictions on the types of securities to be bought and sold in your account. However, the Portfolio Manager may determine that it cannot accept your requested restriction, in its sole discretion.

## 4. Unfunded Account Termination

*If your account has a zero balance for more than six months, Lockwood may terminate your advisory account in our systems.* Your underlying brokerage account, however, may remain open unless terminated by the Designated Broker and custodian. Once an advisory account has been terminated, funding of the account at the custodian will no longer be recognized by Lockwood. Lockwood will not be held responsible for account trading delays that may result. Further, Lockwood will not provide any communications to you or your Consultant regarding terminated advisory accounts. It is recommended that if you have a terminated account, you contact your Consultant to terminate the account at the Designated Broker and the custodian. You should notify your Consultant if you wish to keep an account open for future funding. If you wish to reopen a terminated advisory account, you should contact your Consultant. New account paperwork may be required and other procedures for reactivating the account must be followed. Please contact your Consultant to find out about your Firm's and your Designated Broker's unfunded account termination policy.

## 5. Collateral Accounts

If an account is pledged as collateral for a loan and if the lender has initiated a liquidation of securities in the account pursuant to the terms of the collateral agreement, the account may not be invested in accordance with the model portfolio and/or your investment objective for a period of time.

## 6. Securities Transferred Into a Program

If you transfer securities into the Programs described in this Brochure, you should be aware that your Designated Broker may liquidate some, and possibly all, transferred securities shortly after notification to the Portfolio Manager (“Liquidation Trades”). Please be advised that Liquidation Trades may result in higher commissions or less favorable net prices. You may incur adverse tax consequences, as well as additional transaction costs in connection with these Liquidation Trade executions. You should consult your tax advisor and Consultant on these issues prior to transferring any securities into a Program.

## 7. Investment Styles Using Proprietary Mutual Funds

Certain Portfolio Managers may invest all or a portion of the assets in a proprietary mutual fund designed to be used within the wrap account. Such mutual funds may impose additional restrictions such as restrictions on investing in the mutual fund outside of the wrap account managed by the Portfolio Manager. Please refer to the mutual fund’s prospectus for more information about additional restrictions, any operational differences and risks associated with the mutual fund.

# Item 6 Portfolio Manager Selection and Evaluation

## A. Lockwood as Sponsor

BNY Mellon has established a Manager Research Group, which provides manager research across the BNY Mellon enterprise and is the primary manager research provider to Lockwood. The Manager Research Group will apply the criteria described below and will provide manager and investment vehicle research to Lockwood. Lockwood will retain decision-making responsibility regarding managers and investment vehicles included or considered for inclusion in this program.

As the co-sponsor of managed account programs, Lockwood evaluates Portfolio Managers and Model Providers for inclusion in various managed account programs. Depending upon the particular program, Lockwood’s review process may differ, as described below. Lockwood may work with the Manager Research Group of its affiliate, BNY Mellon, to review and research Portfolio Managers and Model Providers. The analysis of each Portfolio Manager and Model Provider is prepared by personnel of the BNY Mellon Manager Research Group and presented to Lockwood’s Investment Committee for review. Portfolio Managers are approved by Lockwood’s Investment Committee prior to inclusion in a program.

In certain programs, Lockwood may provide its clients with a list of research covered Portfolio Managers and Model Providers (“Covered Managers,”). Covered Managers undergo an additional analysis, typically conducted by the BNY Mellon Manager Research Group, which includes a review of a range of quantitative criteria (relating to performance and portfolio reviews) and qualitative criteria (relating to such items as the investment team, philosophy, process and implementation). The criteria employed for each Covered Manager may not be identical and instead, is typically based on the nature of the Portfolio Manager’s portfolios and investment philosophy. Once selected for inclusion as a Covered Manager, on-going due

diligence and continuing evaluation of the Portfolio Manager or the Model Provider's appropriateness for a particular program is performed.

With respect to all Portfolio Managers and Model Providers (regardless of the program), Lockwood, through the BNY Mellon Manager Research Group employs the preliminary screening process, described above, and the attendant criteria. Lockwood reserves the right to terminate any Portfolio Manager or Model Provider at any time in Lockwood's sole discretion.

Lockwood may, as an accommodation, permit certain additional Portfolio Managers or particular investment styles to be accessible to Clients. Lockwood is not responsible for conducting initial or ongoing due diligence or determining the suitability of these Portfolio Managers, rather, the Client and the Client's financial adviser assume these responsibilities. Lockwood may, in its sole discretion, conduct initial and on-going due diligence of such Portfolio Managers.

**B. Lockwood as Money Manager: Methods of Analysis, Investment Strategies and Risk of Loss**

In its role as money manager, Lockwood, itself or through the BNY Mellon Manager Research Group, evaluates Model Providers and pooled investment vehicles such as mutual funds and ETFs, and other investment vehicles for inclusion in Flex UMA program. Lockwood works with its affiliate, BNY Mellon, to identify, evaluate and implement these products, as well as in the on-going maintenance of these products. In evaluating Model Providers for inclusion in the Flex UMA Program, a screening process as described above for Covered Managers is used.

Lockwood has assembled a series of combinations of different asset classes, each known as an "asset allocation" (each a "Model"), such as income, growth and income, and aggressive growth that are comprised of different asset classes. Because each Model consists of a unique asset class mix, each Model has a distinctive expected risk associated with it. Your assets are invested in accordance with the investment objective and level of risk you and your Consultant determine suits your risk tolerance and financial objectives. If you have selected a UMA, your account is invested in a combination of some or all of the following investment products:

- equity security model portfolios designed, reviewed and updated by one or more Model Providers;
- ETFs; and
- mutual funds.

Lockwood designs each Model for a certain level of risk tolerance and investment objective. Lockwood selects mutual funds and/or ETFs, equity security model portfolios and ETFs (the "Investment Choices") that it believes are appropriate for each Model. Each investment class is represented by one or more of the aforementioned product types listed above. Lockwood, itself or through the BNY Mellon Manager Research Group, has screened and selected each Model Provider, ETF and mutual fund available via the UMA Programs. In some instances, a Firm may provide Lockwood with a specific Model Provider, ETF and/or mutual fund universe and, therefore, the Investment Choices may differ by Firm. In either case, Lockwood selects the Model Provider, ETFs and mutual funds out of the relevant universe.

Some of the investment strategies for the UMA include investment directly in equity securities, which Lockwood buys and sells based on model portfolios provided by Model Providers. When a Model Provider makes model portfolio changes, the Model Provider may notify Lockwood after the Model Provider has bought and sold securities in its other clients' accounts. Once a particular Model Provider notifies Lockwood of model portfolio changes, Lockwood may make corresponding changes to your account. Lockwood reserves the right to not accept a particular Model Provider recommendation. For example, if a security is subject to a reasonable restriction you imposed, Lockwood will not purchase that security for your account. As a result of the timing of model change notifications and Lockwood's processes, however, Model Providers may effect trades on behalf of their other clients' accounts before Lockwood effects corresponding trades in UMA accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Model Providers, you may be at a disadvantage when compared to Model Providers' other clients with respect to the timing of the trades. Lockwood has requested each Model Provider's trade rotation policy and has determined that one Provider, Schafer Cullen has a policy which places its proprietary trades ahead of others, including Lockwood.

Because this is a flexible UMA, it offers flexibility to you and your Consultant and/or Firm by enabling your Consultant to make certain recommendations. Your Consultant and/or Firm is responsible for recommending Model Providers, ETFs and/or mutual funds from a pre-approved list of Investment Choices to you to fill the asset allocation forming the Model you selected. Lockwood provides asset allocation ranges designed to be consistent with your risk portfolio as indicated by the Investment Questionnaire results. As a result, the Consultant and/or Firm may recommend that you adjust the asset allocation generated by Lockwood's proposal system within the ranges. Lockwood is granted limited discretionary trading authority with respect to assets in your Flex UMA account(s). Either you or your Consultant and/or Firm retains final authority for the asset allocation decisions and the selection of individual Investment Choices to fill the selected asset allocation.

For all taxable UMA Accounts, Lockwood will balance the objective of reducing portfolio drift with the objective of minimizing taxable gains by using tax filters and synchronizing the sell disposition of your UMA Account with Lockwood's sell disposition, which is FIFO. All UMA Accounts must have a sell disposition of FIFO since versus purchase trading and tax lot reconciliation are not available for the UMA Program.

Lockwood, through the BNY Mellon Manager Research Group, performs due diligence on various Model Providers and contracts with those Model Providers. Lockwood continues to monitor contracted Model Providers on an on-going basis. Lockwood makes profile information about the Model Providers available to your Consultant. With respect to mutual funds, Lockwood, through the BNY Mellon Manager Research Group, uses a screening process to evaluate mutual funds. The criteria employed in the screening may vary depending on a variety of factors, but can include a range of criteria including analysis of the particular investment style, evaluation of the portfolio management team, performance criteria, costs associated with the fund, to name a few. With respect to ETFs, Lockwood, through the BNY Mellon Manager Research Group, uses a comparable screening process where the factors considered include, but are not limited to, the tracked index or benchmark, performance, comparables, personnel and

content of the particular ETF. In each case, the inclusion of these various investment vehicles in a managed product is reviewed and approved by Lockwood's Investment Committee.

Lockwood's co-sponsor may have input into the universe of investment vehicles used. In some instances, Lockwood may perform the aforementioned due diligence on particular Model Providers that a Firm and/or Consultant identifies. However, Lockwood retains sole discretion on whether to engage or refrain from engaging a potential Model Provider and/or whether to make, or refrain from making a particular model available to clients.

Lockwood retains the authority to terminate or change Model Providers when circumstances are such that Lockwood believes termination or change is generally beneficial. Additionally, Lockwood may, in its discretion, at any time remove an ETF or mutual fund from its list of pre-screened ETFs and mutual funds and may replace it with an alternative ETF or mutual fund. If a replacement ETF or mutual fund is not selected, assets from the removed ETF or mutual fund will be automatically reallocated by Lockwood for investment among the other ETF(s) and mutual fund(s) currently held within the account in accordance with the Model's asset allocation. This replacement process will be subject to the usual and customary settlement procedures and may have tax consequences. Lockwood notifies the applicable Firms and Consultants about the termination and replacement of Model Providers, ETFs and mutual funds, and the Consultants, in turn, are responsible for advising you about these changes to the Program.

Information about the risks associated with specific investment selections are contained in Exhibit C and you should review them in detail. It is important to remember that there are risks inherent in any investment, including the loss of principal, which you must be prepared to bear. There is no assurance that any asset class or index, or a diversified mix of assets will provide positive performance over time. Asset classes and/or other investment strategies not included in Flex UMA may exhibit similar superior characteristics and performance than those that are included.

### **C. Portfolio Managers**

As referenced above, Lockwood provides you with access to professional Portfolio Managers. This access is available because of the agreements Lockwood enters into with third-party Portfolio Managers regarding the provision of such services. You and your Consultant should review each relevant Portfolio Manager's ADV Part 2 or alternative disclosure document.

### **D. Model Providers**

As referenced above, Lockwood provides you with access to investment models generated by professional Model Providers. Lockwood enters into agreements with third-party Model Providers regarding the provision of such investment models. Model Providers do not receive information regarding your identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs or goals. Except for the provision of the relevant investment model(s), a Model Provider has no obligation for the provision of advice specifically to you. Model Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment

model(s), for you specifically. Notwithstanding the foregoing, you and your Consultant should review each relevant Model Provider's ADV Part 2 or alternative disclosure document.

When a Model Provider makes model portfolio changes, the Model Provider may notify Lockwood after the Model Provider has effected changes in its other clients' accounts. Once a particular Model Provider notifies Lockwood of model portfolio changes, Lockwood will make corresponding changes to your portfolios at its sole discretion. Lockwood reserves the right to not accept a particular Model Provider recommendation. For example, if a security is subject to one of your restrictions, Lockwood will not purchase that security for your account. As a result of the timing of model change notifications and Lockwood's processes, however, Model Providers may effect trades on behalf of their other clients' accounts before Lockwood effects corresponding trades in your account. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Model Providers, you may be at a disadvantage when compared to Model Providers' other clients with respect to such trades.

## **E. Performance Standards**

Lockwood and/or the BNY Mellon Manager Research Group obtains investment performance information from the Portfolio Managers and Model Providers. Individual Portfolio Managers and Model Providers use various methods of calculating performance. Some Portfolio Managers and Model Providers adhere to specific performance calculation standards and every attempt is made to obtain performance information, which is calculated according to a uniform and consistent basis. In some cases, however, the information provided by Portfolio Managers and Model Providers may not be calculated on a uniform and consistent basis.

### **1. Risks of Reported Performance**

When evaluating performance, Lockwood believes you should consider the risks inherent with investing in any one asset class or style.

Your individual returns will be reduced by advisory and program fees. Because fees are deducted periodically, the compounding effect will be to increase the impact of fee deductions by an amount directly related to the gross account performance. For example, on an account with an 8.6% gross annual rate of return and a 3% annual fee deducted quarterly (.75%); the compounding effect of the fees would result in a net annual rate of return of 5.5%. Actual results will vary from this example.

The performance data you will receive represents past performance and does not guarantee future results. Actual account performance may be lower or higher than the generic performance data reported in marketing material. The investment return and principal value of an investment will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost.

Lockwood does not provide performance reports or calculations on non-U.S. securities or non-U.S. currencies.



## 2. Proprietary Portfolio Managers' Performance

There may be Portfolio Managers or Model Providers included on the platform, which are Lockwood entities, affiliates of Lockwood or related parties to Lockwood. For any related Portfolio Managers, performance fees are not charged. As of the date of this Brochure, there were no affiliated Portfolio Managers or Model Providers available in the programs, except to the extent that Lockwood serves as Portfolio Manager for certain Programs, described above. The specific fee schedules for the Portfolio Managers and Model Providers are found in Exhibits A and B of this Brochure.

## **F. Brokerage Practices**

### 1. Soft Dollars

Lockwood currently does not use soft dollar research or services. In the event Lockwood should begin to use soft dollar research or services, then Lockwood would make a good faith determination of the value of the research product or service in relation to the commissions paid. Lockwood would pay particular attention to the fact that any benefit must be advantageous to clients. Certain Portfolio Managers available in the Program may use soft dollars, which are their commission dollars of their advised accounts used to obtain investment research and brokerage services from other institutions. A Portfolio Manager's decision to do so is independent of Lockwood. You should consult each Portfolio Manager's Form ADV, Part 2A Brochure or other disclosure document to determine the Portfolio Manager's specific procedures and practices regarding their use, or lack thereof, of soft dollar arrangements.

Certain Portfolio Managers who utilize soft dollar arrangements with outside parties, may also engage in "trade away" and "step out" transactions. These transactions, which are detailed and described in greater detail in Item 4, F(2)-(3) of this Brochure, will likely cause additional trading costs, which will be passed onto you via a net price you receive from said trades.

You should review the Form ADV, Part 2A Brochure of the Portfolio Manager you have selected to fully understand and evaluate their brokerage practices and conflicts of interest and to consider the additional expenses that you may incur. Also, as part of your overall review of your Portfolio Manager's disclosures and expected fees, you should discuss their soft dollar practices as well as their "trade away" or "step out trades" in order to determine how often they engage in such practices and how they seek to ensure that you receive best execution for those transactions when they decide to do so.

### 2. Trade Aggregation

Lockwood delegates certain operational functions to Managed Investments, including trade order entry with respect to accounts managed by Lockwood. As a result, the timing of trading among the different Programs may, and often does, differ.

"Average price accounts" are maintained at each of the broker-dealers or custodians with which trades are conducted. Trades are generally combined from multiple accounts into one "trading block" for each broker-dealer or custodian. These average price accounts are used to aggregate

trades in the same trading block so that all accounts within that trading block will receive the same price for execution based on the average price for the block.

### 3. Trade Rotation

Lockwood has adopted a trade rotation policy to define the sequence in which Lockwood communicates trades and model portfolio advice (the “Lockwood Trade Rotation”). Lockwood utilizes the Lockwood Trade Rotation, as necessary, when placing trades for client accounts in which Lockwood has investment discretion as Portfolio Manager (“Lockwood Discretionary Accounts”) and in communicating model changes to third parties that receive Lockwood created model Portfolios (“Lockwood Model Recipients”) for which Lockwood does not exercise trading discretion.

When Lockwood has trades execute in the Lockwood Discretionary Accounts and communicate to one or more Lockwood Model Recipients, Lockwood will do so on a rotational basis. A rotation schedule will be maintained that includes Lockwood Discretionary Accounts and each Lockwood Model Recipient (the “Rotation Schedule”). Lockwood’s trade execution and communication will follow the Rotation Schedule, which will rotate each day that trades are executed and communicated (i.e., the Lockwood Discretionary Accounts or each Lockwood Model Recipient that was previously first will move to the end of the Rotation Schedule).

Lockwood’s receipt of a model portfolio from a Model Provider is subject to the trade rotation policy of such Model Provider (a “Model Trade Rotation Policy”), as applicable, which allocates the distribution of model portfolio updates across multiple program SMA and model products in which the Model Provider participates. In some cases, Lockwood may not receive the model portfolio until after such Model Provider or Sub-Adviser has already executed trades in its own discretionary accounts. As a result of the Model Trade Rotation Policy, your account may be disadvantaged based on the order in which Lockwood receives updates to the model portfolio. Lockwood reviews the trade rotation policies of each Model Provider and has learned that two providers, WCM Asset Management and Schafer Cullen, have a trade rotation policies which could disadvantage Lockwood clients due to the order in which Lockwood receives the model changes. WCM Investment Management has a trade rotation policy that divides accounts in two buckets, the 2<sup>nd</sup> bucket includes accounts participating in a WRAP Program or UMA Program . The 2<sup>nd</sup> bucket, as stated in their policy, trades after those accounts in which they have full discretion ( 1<sup>st</sup> bucket). In addition portfolios with ordinary shares are often traded before other portfolios containing ADRS. Schafer Cullen has a policy where the firm will wait until each broker confirms full execution of the trade before submission of the next trade to the next broker in the rotation. However, in the case of certain platform trades where the broker does not have the ability to report prices and execution times or may not execute immediately, the trading group will group all such accounts at the end of the rotation. Lockwood does not always trade immediately and does not have the ability to confirm the trades to the Model Provider and is therefore moved to the end of the rotation.

Please refer to the Model Provider’s Form ADV Part 2A for more information regarding the trade rotation policies of that Model Provider.

#### 4. Best Execution

Lockwood has adopted a Best Execution Policy pursuant to which Lockwood reviews exception reports containing samples of trades to monitor for best execution. Pursuant to its best execution policy, Lockwood has established a best execution committee which meets quarterly to review compliance and to monitor compliance with applicable regulations.

Lockwood may trade away from the designated broker in order to achieve best execution. When selecting other broker-dealers, Lockwood does not consider whether Lockwood or an affiliate receives client referrals from that broker-dealer. Lockwood may delegate certain functions, including administration of trading to Managed Investments.

#### 5. Fiserv Security APL

Lockwood employs Fiserv's Security APL ("APL") system as its primary portfolio accounting system. APL has a process whereby a security or securities may not be purchased if there is inadequate cash in the account to purchase such security. APL will prorate the available cash among the securities and APL will not purchase a security to a weight not specified in the platform.

#### 6. Withdrawal Requests - Short Settlement and Global Rebalancing

When you request a cash withdrawal from your account, Lockwood must first sell some of the securities in your account to raise the cash you requested. After an equity security is sold, it may take up to two (2) business days before the trade settles and the cash proceeds are in your account. In some cases, Lockwood may be able to request a "short settlement" and have the trade settled in one (1) business day. Please note, however, that you will incur additional brokerage costs to have a short settlement effected. In addition, certain mutual funds do not permit next day settlement requests even though most open-ended mutual fund trades settle in one (1) business day.

Periodically, Lockwood will rebalance a portion of the portfolio or the entire portfolio (each, a "Global Rebalance"). During a Global Rebalance, if there is a cash balance in the portfolio, the cash may not be available to be withdrawn. Lockwood performs its trading analysis based on trade date, not settlement date, so cash that may appear to be available to you when it is not available during such a Global Rebalance.

For example, Lockwood sends an order to sell a security and buy another security. The security sale raises \$10,000 and the new security is purchased for the same amount. The sale may settle the next business day, but the new security may not settle for two (2) more business days. If you request a withdrawal and take the cash in the strategy after the sale of the security settles, but before the new security buy settles, it will result in a negative balance. In addition, there are times when it will take more than one (1) day to complete the trading required for a Global Rebalance and cash may appear to be available to you at times when it is not available.

If you wish to make a withdrawal or some other change, such as a Model change, style change, etc., Lockwood cannot process this request on shares that have not settled, because the client does not own them yet. This would constitute a violation called "freeriding," which is not

permitted under the Federal Reserve Board's Regulation T and the custodian may be required to prohibit trading in the Client's account for 90 days.

You should consult your tax advisor and Consultant on these issues prior to requesting a withdrawal from your account.

## **7. Important Trading Disclosures**

An unaffiliated Portfolio Manager may elect to pursue execution at a broker-dealer which is affiliated with Lockwood. This determination is made solely by the Portfolio Manager; Lockwood has no role in this determination. In the event, however, that a Portfolio Manager elects to employ such broker-dealer for execution, Lockwood will rely on the Morgan, Lewis & Bockius LLC, SEC No-Action Letter (April 16, 1997) for authorization of such principal trades. Lockwood will periodically test the execution of a sample of the Portfolio Manager's trades in an effort to determine that the Manager's obligations to achieve best execution are being met. Each Portfolio Manager is responsible for ensuring that it complies with its best execution obligations. You should review the Portfolio Manager's Form ADV Part 2A for a description of its brokerage practices and its approach to best execution, as well as its conflicts of interest.

Certain Portfolio Managers participating in the Program have historically executed all or a portion of their trades Client accounts with broker-dealer firms other than your custodian. Frequently these trades have been for fixed-income, foreign or small cap securities or strategies. In some cases, the unaffiliated broker-dealer imposes a commission or mark-up or mark-down (which may be embedded in the price of the security) for executing the trade, making it difficult to determine what the exact added cost is for your transaction executed away from your Designated Broker,. As a result, these Portfolio Managers and their strategies could be more costly than Portfolio Managers that primarily execute Client trade orders with your custodian. With respect to the Fixed Income Portfolios Program, it is expected that Portfolio Managers will typically place trade orders with broker-dealers other than E\*TRADE Securities LLC. Please refer to Item 4, Section D for additional information.

Please review the Portfolio Manager's Form ADV Part 2A Brochure, inquire about the Portfolio Manager's brokerage practices, and consider that information carefully, including any additional trading costs that you may incur, before selecting a Portfolio Manager to manage your account. You may also contact your Consultant or the Portfolio Manager if you would like specific information about soft dollar arrangements, trade away and the amount of commissions or other costs, if any, that are typically incurred in connection with step out trades.

## **G. Potential Conflicts of Interest Relating to Lockwood Managed Accounts**

Lockwood's use of the BNY Mellon Manager Research Group creates a potential conflict of interest, particularly as it relates to Portfolio Managers owned by BNY Mellon. There may be instances where Lockwood and the BNY Mellon Manager Research Group provide different advice depending upon the types of clients involved, the type of product involved and/or other factors which may lead to different results.

Because Lockwood acts as both co-sponsor and Portfolio Manager in certain Programs described in this Brochure, there is the potential for a conflict of interest. Lockwood relies on you and your

Consultant to make the decisions as to which Portfolio Manager to use in your account. By removing itself from the decision process, Lockwood averts a potential conflict of interest as to whether the client selects Lockwood or an independent Portfolio Manager.

Lockwood's broker-dealer affiliates, including Pershing and Pershing Advisor Solutions LLC ("Pershing Advisor Solutions"), may receive fees from certain mutual fund families whose funds are used in proprietary managed programs. Although Lockwood is not incented or rebated any fees or compensation from mutual funds, the payment to Lockwood's affiliates may create a potential conflict of interest, therefore, Lockwood does not consider fees paid to affiliates in its selection and retention of mutual funds. In addition, Lockwood affiliates may be a service provider, such as a trustee or administrator to a mutual fund or ETF used in the UMA Programs, and they may receive a fee from the mutual fund or ETF for performing such service. Lockwood does not receive any portion of these fees and does not consider trustee or administrator fees received by an affiliate in its selection and retention of investment vehicles.

Certain employees of Lockwood or its affiliates may be invested in Programs described in this Brochure. Lockwood monitors security ownership by its employees according to a personal trading policy which is incorporated in the Lockwood Compliance Manual and Code of Ethics, which are described in Item 9 of this Brochure.

As a subsidiary of BNY Mellon, Lockwood has a substantial number of investment advisory affiliates. Mutual funds or ETFs that may be used in the construction of portfolios may be managed by investment advisers affiliated with Lockwood. When Lockwood serves as Portfolio Manager, Lockwood does not purchase securities issued by BNY Mellon.

A Third Party Model Provider may independently select a mutual fund or ETF to be included in its Models which is advised or sub-advised by an investment advisory affiliate of Lockwood. A conflict exists because Lockwood has the discretion to replace such fund or ETF in Lockwood Managed Accounts, thereby affecting the compensation which may be earned by the affiliate. When Lockwood becomes aware that an affiliate is functioning in such capacity and where Lockwood chooses not to replace the fund or ETF it will rebate the fees received by the affiliated adviser to the Client.

Lockwood and its affiliates perform investment advisory services for various clients. Lockwood may give advice and take action in the performance of its duties with respect to any of its other clients, which may differ from the advice given, or the timing or nature of action taken, with respect to another client. Lockwood has no obligation to purchase or sell for a client any security or other property, which it purchases or sells for its own account or for the account of any other client, if it is undesirable or impractical to take such action. Lockwood may give advice or take action in the performance of its duties with respect to any of its clients, which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

We, our affiliates and our existing and future employees may from time to time manage and/or invest in products managed by Lockwood ("Proprietary Accounts"). Investment by Lockwood, our affiliates, or our employees in Proprietary Accounts may create conflicts of interest. We have

an incentive to favor these Proprietary Accounts by, for example, directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and to give them better execution and brokerage commissions than our other client accounts.

In addition, Lockwood or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Lockwood and/or affiliate client accounts are invested in different parts of an issuer's capital structure. For example, one of Lockwood's client accounts could acquire debt obligations of a company while an affiliate's client account acquires an equity investment. In negotiating the terms and conditions of any such investments, Lockwood may find that the interests of the debt-holding client accounts and the equity holding client accounts may conflict. If that issuer encounters financial problems, decisions over the terms of the workout could raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer in which it could be paid in full, while equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer's senior securities may be able to act to direct cash flows away from junior security holders, and both the junior and senior security holders may be Lockwood client accounts. If Lockwood becomes aware of a situation involving any of the foregoing conflicts of interest, it will be discussed and resolved on a case-by-case basis by the Lockwood Investment Committee. Any such discussions will factor in the interests of the relevant parties and applicable laws.

Please refer to Item 9, *Financial Industry Affiliations* for more information about potential conflicts of interest.

## **H. Client Restrictions**

You may put reasonable restrictions on the investments in your account. For example, you may request that Lockwood not buy a particular stock or stocks from a particular industry. If a restriction you request is so overly broad as to make it impossible to manage the account according to the Lockwood strategy, Lockwood will work with your Consultant to determine a potential alternative.

## **I. Differences in Wrap and Non-Wrap Services.**

Lockwood managed portfolios are generally only offered under wrap fee programs. In a wrap program, Lockwood's advisory fees are disclosed and Lockwood receives its proportion of the total fee.

## **J. Lockwood Performance Fee and Side-by-Side Management Disclosure**

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make

full and fair disclosure of all material facts, particularly where the adviser's interests may conflict with the client's best interest.

Lockwood's fee schedule does not include performance-based fees whereby a party is compensated based on a share of capital gains upon, or capital appreciation of, funds or any portion of funds or other investments in your account. Nor does Lockwood at this time retain any Model Provider or Portfolio Manager receiving any performance-based compensation in the programs.

#### **K. Voting Client Securities by Portfolio Managers or by Lockwood**

If you opt to have your Portfolio Manager vote proxies for you, your custodian will send reorganization notices and proxy materials to the Portfolio Manager. If your account is a tax-qualified retirement plan subject to ERISA, unless you opt to do it yourself, your Portfolio Manager will vote your proxies. If your account is not an ERISA account, you may either retain the right to vote proxies or delegate such authority to your Portfolio Manager. If you opt to vote your own proxies, you will receive proxies as described in your brokerage agreement. Clients should contact their Consultant if they have any questions about any proxies or other solicitations they receive.

As part of the contractual relationship between us and our clients, typically through an investment advisory agreement, a client may delegate to us its right to exercise voting authority in connection with the securities we manage for that client. Voting rights are most commonly exercised by casting votes by proxy at shareholder meetings on matters that have been submitted to shareholders for approval. Consistent with applicable rules under the Investment Advisers Act of 1940 ("Advisers Act"), we have adopted and implemented written proxy voting policies and procedures that are reasonably designed: (1) to vote proxies, consistent with our fiduciary obligations, in the best interests of clients; and (2) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. We provide these proxy voting services as part of our investment management service to client accounts and do not separately charge a fee for this service.

Clients that have granted us with voting authority are not permitted to direct us on how to vote in a particular solicitation. We do not provide proxy voting recommendations to clients who have not granted us voting authority over their securities.

Individual Portfolio Managers have their own proxy voting policies and the policies differ from Portfolio Manager to Portfolio Manager. In instances where Lockwood is the Portfolio Manager, Clients may delegate proxy voting to Lockwood. Lockwood's proxy voting policy is set forth below:

#### **Committee Structure**

Lockwood has established the Lockwood Proxy Voting and Governance Committee (the "Committee") and exercises the voting rights delegated to it by clients. The Committee consists of representatives from our firm. We have adopted a Proxy Voting Policy, related procedures,

and voting guidelines (the “Proxy Policies”). The Committee seeks to make proxy voting decisions that are in the best interest of the client and has adopted detailed, pre-determined, written proxy voting guidelines for specific types of proposals and matters commonly submitted to shareholders by U.S. and non-U.S. companies (collectively, the “Voting Guidelines”), which are included in the Proxy Policies. These Voting Guidelines are designed to assist with voting decisions, which over time seek to maximize the economic value of the securities of companies held in Client accounts (viewed collectively and not individually) as determined in the discretion of the Committee. Lockwood believes that this approach is consistent with its fiduciary obligations and with the published positions of applicable regulators with an interest in such matters (e.g., the U.S. Securities and Exchange Commission and the U.S. Department of Labor), and we have adopted the Proxy Policies, including the Voting Guidelines, and agreed that we will vote proxies through the Committee. Lockwood does not permit Clients to direct Lockwood on how to vote in a particular solicitation. However, if a client of ours chooses to retain proxy voting authority or delegate proxy voting authority to an entity other than Lockwood (whether such retention or delegation applies to all or only a portion of the securities within the client’s account), either the client’s or such other entity’s chosen proxy voting guidelines (and not the Committee’s) will apply to those securities.

### Voting Philosophy

Lockwood recognizes that the responsibility for the daily management of a company’s operations and strategic planning is entrusted to the company’s management team, subject to oversight by the company’s board of directors. As a general matter, Lockwood invests in companies believed to be led by competent management, as set forth in the Voting Guidelines, and Lockwood customarily votes in support of management proposals and consistent with management’s recommendations. However, in Lockwood’s role as a fiduciary, Lockwood believes that it must express its view on the performance of the directors and officers of the companies in which Clients are invested and how these Clients’ interests as shareholders are being represented. Accordingly, as set forth in the Voting Guidelines, Lockwood will vote against those proposals that Lockwood believes would negatively impact the economic value of Clients’ investments – even if those proposals are supported or recommended by company management.

Lockwood seeks to vote on proxies of non-U.S. companies through application of the Voting Guidelines. However, corporate governance practices, disclosure requirements and voting operations vary significantly among the various non-U.S. markets in which our clients may invest. In these markets, we may face regulatory, compliance, legal or logistical limits with respect to voting securities held in client accounts which can affect our ability to vote such proxies, as well as the desirability of voting such proxies. Non-U.S. regulatory restrictions or company-specific ownership limits, as well as legal matters related to consolidated groups, may restrict the total percentage of an issuer’s voting securities that we can hold for clients and the nature of our voting in such securities. Our ability to vote proxies may also be affected by, among other things: (1) late receipt of meeting notices; (2) requirements to vote proxies in person; (3) restrictions on a foreigner’s ability to exercise votes; (4) potential difficulties in translating the proxy; (5) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (6) requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in



proximity to the shareholder meeting. Absent an issue that is likely to impact Clients' economic interest in a company, Lockwood generally will not subject Clients to the costs (which may include a loss of liquidity) that could be imposed by these requirements. In these markets, Lockwood will weigh the associative costs against the benefit of voting, and may refrain from voting certain non-U.S. securities in instances where the items presented are not likely to have a material impact on shareholder value.

### Process

The Committee has retained the services of two independent proxy advisors ("Proxy Advisors") to provide comprehensive research, analysis, and voting recommendations. These services are used most frequently in connection with proposals or matters that may be controversial or require a case-by-case analysis by the Committee in accordance with its Voting Guidelines. The Committee has engaged one of its Proxy Advisors as its proxy voting agent (the "Proxy Agent") to administer the mechanical, non-discretionary elements of proxy voting and reporting for clients. The Committee has directed the Proxy Agent, in that administrative role, to follow the specified Voting Guidelines and apply it to each applicable proxy proposal or matter where a shareholder vote is sought. Accordingly, proxy items that can be appropriately categorized and matched either will be voted in accordance with the applicable Voting Guideline or will be referred to the Committee if the Voting Guideline so requires. The Voting Guidelines require referral to the Committee for discussion and vote of all proxy proposals or shareholder voting matters for which the Committee has not yet established a specific Voting Guideline, and generally for those proxy proposals or shareholder voting matters that are contested or similarly controversial (as determined by the Committee in its discretion). Generally, when a matter is referred to the Committee, the decision of the Committee will be applied to all accounts for which Lockwood exercises proxy voting authority, whether the account is actively managed or managed pursuant to quantitative, index or index-like strategies ("Index Strategies"), unless Lockwood determines that the economic interests of a particular account differ and require that a vote be cast differently from the collective vote in order to act in the best interests of such account's beneficial owners. In all cases, for those clients that have given Lockwood authority to vote proxies, the ultimate voting decision and responsibility rests with us.

For items referred to it, the Committee may determine to accept or reject any recommendation based on the Voting Guidelines, research and analysis provided by its Proxy Advisors or on any independent research and analysis obtained or generated by Lockwood or and/or BNY Mellon's Proxy Governance Group. Because accounts following index strategies are passively managed accounts, research related to an issuer with securities held in these accounts may not be available to the Committee. Clients may receive a copy of the Voting Guidelines, as well as the Proxy Policies, upon request. Clients may also receive information on the proxy voting history for their managed accounts upon request. Please contact Lockwood for more information.

### Managing Conflicts

It is the policy of the Committee to make proxy voting decisions that are solely in the best long-term economic interests of clients. The Committee is aware that, from time to time, voting on a particular proposal or with regard to a particular issuer may present a potential for conflict of interest for Lockwood. For example, potential conflicts of interest may arise when: (1) a public

company or a proponent of a proxy proposal has a business relationship with Lockwood or a Lockwood affiliate; and/or (2) an employee, officer or director of Lockwood or a Lockwood affiliate has a personal interest in the outcome of a particular proxy proposal.

Aware of the potential for conflicts to influence the voting process, the Committee consciously developed the Voting Guidelines and structured the Committee and its practices with several layers of controls that are designed to ensure that the Committee's voting decisions are not influenced by interests other than those of Lockwood's fiduciary clients. For example, the Committee developed its Voting Guidelines with the assistance of internal and external research and recommendations provided by third party vendors but without consideration of any Lockwood or BNY Mellon client relationship factors. The Committee has directed the Proxy Agent to apply the Voting Guidelines to individual proxy items in an objective and consistent manner across client accounts and similarly has directed the Proxy Agent to administer proxy voting for Lockwood clients. When proxies are voted in accordance with these pre-determined Voting Guidelines, it is the Committee's view that these votes do not present the potential for a material conflict of interest and no additional safeguards are needed.

For those proposals that are referred for discussion and vote to the Committee in accordance with the Voting Guidelines or Committee direction, the Committee votes based upon its principle of seeking to maximize the economic value of the securities held in client accounts. In this context the Committee seeks to address the potential for conflicts presented by such "referred" items through deliberately structuring its membership. The Committee consists of senior officers and investment professionals from Lockwood, and is supported by members of Lockwood's Compliance, Legal and Risk Management Departments, as necessary.

With respect to the potential for personal conflicts of interest, BNY Mellon's Code of Conduct, which is applicable to Lockwood, requires that all employees make business decisions free from conflicting outside influences. Under this Code, BNY Mellon employees' business decisions are to be based on their duty to BNY Mellon and to their clients, and not driven by any personal interest or gain. All employees are to be alert to any potential for conflict and to identify and mitigate or eliminate any such conflict. Accordingly, members of the Committee with a personal conflict of interest regarding a particular public company or proposal that is being voted upon must recuse themselves from participation in the discussion and decision-making process with respect to that matter.

Additionally, there are certain instances where the Committee may engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. These instances are considered to be "Primary Conflicted Proxies" and they typically arise due to relationships between proxy issuers or companies and BNY Mellon, a BNY Mellon affiliate, a BNY Mellon executive, or a member of BNY Mellon's Board of Directors.

When an independent fiduciary is engaged, the fiduciary either will vote the involved proxy, or provide us with instructions as to how to vote such proxy. In the latter case, we will vote the proxy in accordance with the independent fiduciary's determination.

## **L. Cybersecurity Risk**

In addition to the risks described above and in Exhibit C that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to “cybersecurity” risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, Lockwood and the client accounts Lockwood manages have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause Lockwood and client accounts Lockwood manages to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which Lockwood invests, counterparties with which Lockwood engages in transactions, third party service providers, governmental or other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third party service providers.

## **Item 7 Client Information Provided to Portfolio Managers**

When you open your account, Lockwood will provide your selected Portfolio Manager(s) with information on your financial circumstances, investment goals and objectives and any special written instructions you may wish to give the Portfolio Manager regarding your account. Please notify your Consultant if your financial condition changes or if you want to impose additional investment restrictions or change existing investment restrictions. If Lockwood receives updated information about you from you or your Consultant, Lockwood will share that information with your Portfolio Manager if the information will impact the daily management of your portfolio.

## **Item 8 Client Contact with Portfolio Managers**

You may contact and consult with Portfolio Managers (including Lockwood, where Lockwood acts as Portfolio Manager), in writing, over the phone or electronically. Portfolio Managers in Lockwood’s Programs agree to be reasonably available for discussions with you, and many hold regular conference calls to discuss investment strategies or current market events. If you wish to communicate directly with the Portfolio Manager personally, many Portfolio Managers prefer that you contact them through, or together with, your Consultant, so that the financial advice you receive is consistent. Note that while mutual funds and ETFs have Portfolio Managers, it is often unlikely that you will be able to speak directly with them. Mutual fund firms do have client service and investor relations persons who typically handle client communications.

## Item 9 Additional Information

### A. Disciplinary Information

From time to time, Lockwood and/or BNY Mellon may be involved in regulatory examinations or litigation that arise in the ordinary course of business. Items requiring disclosure will be included in Lockwood's Form ADV Part 1.

On August 14, 2018 the SEC announced an administrative proceeding against Lockwood:

The action arises out of the SEC's assertion that Lockwood failed to adopt and implement policies and procedures reasonably designed to provide clients or their investment advisers with material information about third party portfolio managers' "trading away" or "step out trading" practices in Lockwood's sponsored separately managed account wrap fee programs ("Wrap Programs") and the full extent of the costs of choosing certain portfolio managers in those Wrap Programs. Specifically, the SEC determined that Lockwood's policies and procedures failed to require that material information about "trading away" or "step outs" (1) would be obtained and considered by Lockwood prior to making the third party portfolio management firms available to clients in its Wrap Programs and/or (2) would be disclosed to clients directly or through their third party advisers. Lockwood offered its Wrap Programs to third party advisers and their clients. In the Wrap Programs, the investments were managed by third party portfolio management firms pursuant to investment strategies selected by the clients in consultation with their advisers. Lockwood and the other participating firms were compensated for the advisory, brokerage and custodial services that they provided by sharing an annual wrap fee based on a percentage of the assets under management. Certain expenses were not covered by the wrap fee, such as when a portfolio manager elected to direct the execution of a trade through a broker-dealer firm that was not participating in the Wrap Program. This practice was referred to as "trading away" or "step out trading" and in many cases resulted in transaction costs being borne by the Wrap Program client in addition to the annual wrap fee. Despite paying these costs, Wrap Program clients were not notified that particular trades were "traded away" nor, if applicable, information on how much "step out trading" would cost on top of the wrap fee. By contract, Lockwood had allocated to the clients' advisers the responsibility of evaluating the suitability of the portfolio managers for the individual clients, but the SEC Staff found that Lockwood did not provide those advisers with enough information to perform that evaluation. Lockwood submitted an Offer of Settlement which the SEC has determined to accept. On August 14, 2018, the SEC announced that it had entered into an administrative settlement and Lockwood was ordered to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Lockwood paid a civil money penalty in the amount of \$200,000 to the SEC.

On February 12, 2018 the SEC announced the Share Class Selection Disclosure Initiative ("SCSD Initiative"), a self-reporting initiative directed at investment advisers, under which the SEC Division of Enforcement agreed to recommend favorable settlement terms for advisers who self-report violations of the federal securities laws relating to certain mutual fund share class selection and disclosure issues and who promptly return money to harmed clients. Lockwood voluntarily participated in the SCSD Initiative. In connection with the SCSD Initiative, Lockwood undertook a review of its disclosures, and of the mutual fund share classes

recommended to, or purchased or held by, clients invested in Lockwood Programs during the period between January 1, 2014 and September 4, 2015 and determined that, during this period, certain mutual funds paid 12(b)1 fees totaling \$45,872 to Pershing Adviser Solutions, a broker-dealer affiliated with Lockwood, when a lower cost share class was available. Lockwood voluntarily reported this to the SEC pursuant to the SCSD Initiative . On March 11, 2019, the SEC issued an Order Instituting Administrative and Cease and Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease and Desist Order against Lockwood (the “Order”), which Order found that Lockwood violated Sections 206(2) and 207 of the Advisers Act. Lockwood was ordered to cease and desist from future violations of Sections 206(2) and 207 of the Advisers Act; was censured; and was ordered to pay disgorgement of \$45,872, together with prejudgment interest of \$6,315.98, and to distribute such amounts to affected clients.

## **B. Other Financial Industry Activities**

Lockwood does not engage in any business other than that of an investment manager, research provider, and sponsor or administrator for managed account programs. Some of Lockwood’s personnel may have securities registrations, including, but not limited to, FINRA series 7 or series 24, which are held with Lockwood’s affiliate, Pershing.

## **C. Financial Industry Affiliations**

Lockwood is affiliated with a large number of investment advisers and broker-dealers within the BNY Mellon family of companies. Please see Form ADV, Part 1A, Schedule D, Section 7.A. for a list of investment advisers and broker-dealers affiliated with Lockwood . Several of our investment adviser affiliates have, collectively, a significant number of investment-related private funds for which a related person serves as sponsor, general partners or managing member (or equivalent), respectively. Please refer to the Form ADV, Part 1A – Schedule D, Section 7.B for each of our affiliated investment advisers for information regarding such firm’s private funds (if applicable) and such firm’s Form ADV, Part 1A – Schedule D, Section 7.A for information regarding related persons that serve in a sponsor, general partners or managing member capacity (if applicable).

BNY Mellon is a global financial services company providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide, client-focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Asset Management is the umbrella designation for certain of BNY Mellon’s affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

Lockwood may enter into transactions with unaffiliated counterparties or third-party service providers who then use affiliates of ours to execute such transactions. Additionally, Lockwood may effect transactions in American Depositary Receipts (“ADRs”) or other securities and the involved issuers or their service providers may use affiliates of Lockwood for support services.

Services provided by Lockwood's affiliates to such unaffiliated counterparties, third party service providers and/or issuers may include, for example, clearance of trades, purchases or sales of securities, serving as depositary banks to issuers of ADRs, providing foreign exchange services in connection with dividends and other distributions from foreign issuers to owners of ADRs, or other transactions not contemplated by Lockwood. Although the affiliate may receive compensation for engaging in these transactions and/or providing services, the decision to use or not use an affiliate of Lockwood is made by the unaffiliated counterparty, third-party service provider or issuer. Further, Lockwood will likely be unaware that the affiliate is being used to enter into such transaction or service.

BNY Mellon and/or its other affiliates may gather data from us about our business operations, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, financial, legal or risk management purposes, pursuant to policies and procedures of Lockwood, BNY Mellon or other affiliates. This data is deemed confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

Lockwood does not use or recommend any Model Providers that are investment management affiliates of BNY Mellon in the Programs where Lockwood is Portfolio Manager to avoid potential conflicts of interest. However, the Programs may include Portfolio Managers that are affiliates of Lockwood. To address any potential conflicts of interest, Lockwood does not cover these affiliated Portfolio Managers for purposes of research reports. As of the date of this Brochure, none of the Portfolio Managers or Model Providers listed in Exhibits A and B are affiliated with Lockwood.

Sub-Advisers that are investment management affiliates of BNY Mellon and/or investment vehicles that are managed by investment management affiliates of BNY Mellon may be used in the construction of its Managed Products portfolios. The Program may also include Portfolio Managers that are affiliates of Lockwood. To address any potential conflicts of interest, Lockwood does not conduct screening and analysis of these affiliated Portfolio Managers when they are not included in Third Party Models. There are currently affiliated managers included in the FV200 list, which is provided by Lockwood to affiliate, Pershing LLC.

Parties which are related parties to Lockwood, or under common control as subsidiaries owned by BNY Mellon, include those which are:

- broker dealers (such as Pershing or Pershing Advisor Solutions)
- investment companies or other mutual funds
- futures or commodity brokers or agents
- hedge funds
- other investment advisers
- banks
- insurance companies or agencies
- pension consultants

- syndicators of limited partnerships
- general partners of limited partnerships.
- registered municipal advisors
- trust companies
- commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
- sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Affiliates of Lockwood may refer Consultants, Firms, Model Providers and/or Portfolio Managers to Lockwood. Affiliates of Lockwood may also have business arrangements with Consultants, Firms, Portfolio Managers and/or Model Providers that may indirectly benefit from such entities' business with Lockwood. This may create a potential conflict of interest, therefore, Lockwood shall make an independent determination as to whether to do business with such entities.

Lockwood has relationships with certain firms and their affiliates that are also owners of common stock of BNY Mellon. The nature of such relationships include but are not limited to fund companies, fund investment advisers, other fund service providers for funds available in the Lockwood programs as well as Portfolio Managers and Model Providers available in Lockwood programs.

These relationships with BNY Mellon may create a potential conflict of interest, however, it did not and does not affect Lockwood's decision to include these firms in a managed account program and these Portfolio Managers, Model Providers and investment vehicles are subject to Lockwood's due diligence criteria.

On July 1, 2010, BNY Mellon purchased PNC Global Investment Servicing Inc., the parent of PNC Managed Investments Inc. ("PNC Managed Investments") (formerly ADVISORport, Inc.) from The PNC Financial Services Group, Inc. (the "Transaction"). In connection with the Transaction, PNC Managed Investments became a part of Lockwood. The transition to Lockwood was accomplished in two steps. At the closing of the Transaction, PNC Managed Investments transferred its advisory business to Lockwood and, in turn, Lockwood delegated to PNC Managed Investments certain operational activities in support of the advisory programs. For transitional purposes, PNC Managed Investments was renamed BNY Mellon Managed Investments Inc. ("BNYMMI") on July 1, 2010 and was merged with and into Lockwood in 2011.

Effective as of the date of the Transaction, Lockwood became an affiliate of BNY Mellon Distributors Inc. ("BNYMDI"), and BNY Mellon Investment Servicing (US) Inc. ("BNYMIS"), both BNY Mellon Companies. The mutual funds and ETFs in which you invest may be serviced by BNYMDI, BNYMIS, BNYMTC and/or other Lockwood affiliates and for which such affiliates receive fees. When selecting a mutual fund and/or ETF for inclusion in, or removal from, a Program, Lockwood does not take into consideration whether the fund is serviced by an affiliate of Lockwood. BNY Mellon sold BNYMDI to a third party during 2012 and, therefore, BNYMDI is no longer affiliated with Lockwood. For more detailed information regarding a fund, including fees and expenses, please refer to that fund's prospectus.

Lockwood and certain of its affiliates sponsor other wrap fee programs, which may have fees, custodians, Portfolio Managers and/or available products that are different from those in the Programs described in this Brochure.

### **BNY Mellon's Status as a Bank Holding Company**

BNY Mellon and its direct and indirect subsidiaries, including Lockwood, are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and to the provisions of, and regulations under, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The BHCA and the Dodd-Frank Act. The BHCA (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including Lockwood) and our clients, and may restrict investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which we invest. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including us) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. These limitations may have an adverse effect on Lockwood's ability to manage client investment portfolios. For example, depending on the percentage of a company Lockwood and its affiliates (in the aggregate) control at any given time, the limits may; (1) restrict Lockwood's ability to invest in that company for certain clients and/or (2) require us to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in order to comply with the BHCA, Dodd-Frank Act or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

### **The Volcker Rule.**

The Dodd-Frank Act includes provisions that have become known as the "Volcker Rule," which restrict bank holding companies, such as BNY Mellon and its subsidiaries (including us) from (i) sponsoring or investing in a private equity fund, hedge fund or otherwise "covered fund," with the exception, in some instances, of maintaining a de minimis investment, subject to certain other conditions and/or exceptions, (ii) engaging in proprietary trading, and (iii) entering into certain transactions involving conflicts of interest (e.g., extensions of credit). The final Volcker Rule was jointly adopted by a group of U.S. federal financial regulators in December 2013 and generally must be implemented by BNY Mellon no later than July 21, 2017.

The Volcker Rule generally prohibits certain transactions involving an extension of credit between BNY Mellon and its affiliates, on the one hand, and "covered funds" managed by BNY Mellon and/or its affiliates (including us), on the other hand. BNY Mellon affiliates provide



securities clearance and settlement services to broker-dealers on a global basis. The operational mechanics of the securities clearance and settlement process can result in an unintended intraday extension of credit between the securities clearance firm and a “covered fund.” As a result, we may be restricted in executing transactions for certain funds through broker-dealers that utilize a BNY Mellon affiliate as their securities clearance firm. Such restriction could prevent us from executing transactions through broker-dealers we would otherwise use in fulfilling our duty to seek best execution .

### **Affiliated Banking Institutions**

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals of clients. We may provide the affiliated banking institutions with sales and marketing materials relating to our investment management services that may be distributed under the name of certain marketing “umbrella designations” such as BNY Mellon, BNY Mellon Wealth Management, BNY IM, and BNY Mellon EMEA.

### **D. Other Relationships**

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private fund and/or related funds or that may recommend investments in a private fund or distribute interests in a private fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private fund, or other dealings with a private fund, that create incentives for them to promote a private fund.

BNY Mellon maintains a Code of Conduct that addresses these types of relationships and the potential conflicts of interest they may present, including the provision and receipt of gifts and entertainment.

BNY Mellon, among several other leading investment management firms, has a minority equity interest in Luminex Trading and Analytics, LLC (“Luminex”), a registered broker-dealer under the Exchange Act, which was formed for the purpose of establishing and operating a “buy-side” owned and controlled electronic execution utility for trading securities (the “Alternative Trading System”). Transactions for clients for which we serve as adviser may be executed through the Alternative Trading System . We and BNY Mellon disclaim that either is an affiliate of Luminex.

### **E. Participation or Interest in Client Transactions**

Lockwood, its employees and/or affiliates may give advice and take action in the performance of their duties that may be the same as, similar to, or different from advice given, or the timing or nature of actions taken, for other client accounts or for their proprietary or personal accounts.

Lockwood and its employees may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which your account may have an interest from time to time. Lockwood has no obligation to acquire for your account a position in any investment which it, acting on behalf of another client, or an employee, may acquire, and the client accounts shall not have first refusal, co-investment or other rights in respect of any such investment. In addition, Lockwood employees may be invested in the Programs. Because this may present a potential conflict of interest, Lockwood has adopted a Code of Ethics, which includes restrictions on employees' personal trading as described in Section H.

Pershing, a registered broker-dealer and Lockwood's affiliate, provides clearing and custody services for certain Lockwood Programs. Pershing Advisor Solutions, a registered broker-dealer and Lockwood's affiliate, provides brokerage services for certain Lockwood sponsored managed account programs.

#### **F. Marketing Activities**

Certain Portfolio Managers or Model Providers (or their affiliates) available in Lockwood's wrap fee programs and other non-advisory platforms may have served as sponsor of certain Lockwood conferences or other events. During 2019, Lockwood received sponsorship fees from the following Money Managers and Model Providers:

American Funds	RNC Genter
Coho Partners	Russell Investments
Federated	Schafer Cullen
First Trust	Vanguard
Goldman Sachs	William Blair
JP Morgan	Wisdom Tree
Nuveen	

These sponsorships may create a potential conflict of interest, however, it did not and does not affect Lockwood's decision to include these firms in a managed account.

Correspondingly, during 2019, Lockwood paid sponsorships fees for certain, specific marketing activities engaged in by the financial institutions and organizations listed below. This list includes Firms that participate or participated in Lockwood's Managed360 Program, Managed Account Advisor Program, Lockwood Sponsored Program, the Programs covered by this Brochure, non-Lockwood sponsored programs and other non-advisory platforms during 2019:

Arvest Wealth Management

Benjamin F. Edwards & Company

E\*Trade Capital Management

Key Investment Services

NEXT Financial

Primerica Services Inc. (PFS Investments Inc. (d/b/a Primerica Advisors))

Securian Advisors/Securian Financial Services

Affiliates of Lockwood, including Pershing, may have also paid or received sponsorship fees for certain marketing activities of firms that do business with Lockwood. By accepting sponsorship payments from Portfolio Managers or Model Providers, it appears that a potential conflict of interest may exist in Lockwood's objective ability to provide clients with disinterested advice and place the interests of its clients above its own interests.. Lockwood manages this potential conflict of interest by applying the same selection criteria to Portfolio Managers, Model Providers, Sub-advisers and mutual funds, regardless of whether Lockwood, Pershing or any other affiliate of Lockwood receives sponsorship fees.

Lockwood or its affiliates may pay certain expenses, such as lodging, meals and entertainment for certain attendees at conferences sponsored by Lockwood or its affiliates. This indirect compensation provided to Consultants who recommend Lockwood's products may create a conflict of interest.

## **G. Compliance Plan**

Lockwood has adopted its Investment Advisory Compliance Plan (the "Plan"), pursuant to Rule 206(4)-7 under the Advisers Act. Part of that plan includes the adoption of written policies and procedures, which are incorporated within Lockwood's Compliance Manual. The Compliance Manual addresses the following topics:

Adherence to Investment Objectives and Restrictions  
Advertisements  
Adviser's Compliance Program  
Adviser as Sponsor  
Adviser as Portfolio Manager  
Advisory Agreements  
Agency Cross Transactions  
Anti-Money Laundering  
Best Execution  
Books and Records  
Business Continuity and Disaster Recovery  
Client Accounts  
Complaints  
Conflicts of Interest

Continuing Education  
Custody  
Cybersecurity  
Dealings with Regulators, Government Agencies, Outside Attorneys and Duty to Escalate  
Directed Brokerage  
Due Diligence – Third Party Firms  
Due Diligence - Selection of Portfolio Managers  
Due Diligence - Selection of Investment Vehicles and Third-party List Providers  
Electronic Communications  
ERISA  
Exchange Act Filings

Fees  
Form ADV  
Gifts, Entertainment and Other Payments  
Government Contracts  
Insider Trading and Pre-Clearance  
Investment Adviser Representative  
Registration  
Late Trading and Market Timing-Mutual  
Funds  
Material Compliance Event  
Oversight of Portfolio Managers, Investment  
Vehicles and Buy List Providers  
Performance Advertising  
Personal Securities Transactions and  
Records

Political Contributions by Investment  
Advisers  
Principal Trading  
Prohibited Business Practices for Investment  
Advisers and their Associated Persons  
Proxy Voting  
Regulation S-P- Privacy of Client Financial  
Information and Safeguarding Information  
Security Pricing and Account Valuations  
Soft Dollars  
Solicitor Arrangements  
Trade Errors  
Trading

Lockwood employees receive periodic training relating to the Compliance Plan, which is amended periodically to reflect additional policies.

## **H. Codes of Ethics and Personal Trading**

Lockwood has adopted a Code of Ethics (“Code”) pursuant to Rules 204A-1 and 204-2 of the Advisers Act. The Code is updated periodically as necessary and distributed to all personnel. Periodic training on the Code is provided to existing employees and all new employees upon hire.

The Code addresses a variety of topics relating to the appropriate conduct of investment advisory personnel, including the following:

- fiduciary duties of advisory personnel;
- confidentiality duties of advisory personnel;
- gift policy;
- trading policy for advisory personnel;
- reporting, review and record-keeping obligations; and
- avoidance of conflicts of interest.

With respect to personal trading, the Code contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect Lockwood’s clients. All officers and employees are required to put the interests of the clients first in all dealings relating to the clients and their investments.

Activities that are strictly prohibited include:

- having a personal interest in any client transaction;
- getting any personal benefit from a client transaction;
- using knowledge of client transactions for personal gain; and
- allowing anything to influence or impact an independent unbiased judgment with respect to client communications.

Lockwood Compliance personnel monitor personal securities trading by employees and members of the employee's household. Employees who have direct contact with client account information are required to get approval in advance of any securities transactions they wish to make. Employee personal trading reports are reviewed by Compliance personnel to verify the employees are complying with the Code. Lockwood imposes penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy. Employees must hold all securities accounts at an approved brokerage firm and file transaction reports with Compliance at least quarterly. Compliance personnel compare employee reports to brokerage statements to verify they are accurate.

To the extent the Code is silent on a matter, Lockwood shall default to the BNY Mellon Code of Conduct and Interpretive Guidance (the "BNY Mellon Code"). The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues.

Lockwood will provide a copy of the Code or the BNY Mellon Code to you or any prospective client, upon request.

## **I. Review of Accounts**

Where Lockwood is the Portfolio Manager, Lockwood personnel employ a variety of reports to review accounts for such items as cash level, style drift and investment performance.

Your Consultant is responsible for obtaining information from you regarding your financial situation and investment objectives, and providing you with the opportunity to impose reasonable restrictions on the management of the account.

In addition, your Consultant is responsible for monitoring your investment objectives or guidelines on an on-going and periodic basis but not less frequently than quarterly to confirm consistency with your investments/portfolios.

## **J. Client Reporting**

You will receive custodial account statements about portfolio holdings directly from the custodian that maintains your funds and securities. You are encouraged to carefully review the custodial account statements you receive from the custodian and compare the information on those statements to any report on an account that you receive from Lockwood. If you require

additional information about the content of a Lockwood report, you should contact the Service Desk at 1-800-200-3033, Option #3.

In addition to custodial brokerage statements provided by the custodian, Lockwood may make regular performance and evaluation reports available to your Consultant, so you can measure your progress toward your financial goals.

#### **K. Custody**

Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) defines “custody” to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser. We do not have “custody” of client assets for purposes of the Custody Rule.

Your custodian is not affiliated with Lockwood, and is identified in your Client Agreement.

#### **L. Referral Fee Payments**

As of the date of this Brochure, Lockwood does not have any solicitor arrangements. Lockwood may enter into agreements with third parties who will solicit investor clients for Lockwood and receive compensation from Lockwood for their solicitation efforts. In such instances, Lockwood will give the third-party solicitor either a percentage of or a set fee from the Lockwood advisory fee charged to the client. The Lockwood advisory fee charged to the client is not affected by the use of a third-party solicitor in connection with the client’s account(s), and the client will not be assessed any additional charges because of that referral fee paid by Lockwood. If the services of a third-party solicitor are used in connection with the client’s account, the structure of the arrangement and the compensation paid to the third-party solicitor will be fully disclosed to the client pursuant to Rule 206(4) of the Investment Advisers Act.

#### **M. Other Wrap Programs and Services**

Lockwood acts as sponsor and/or Portfolio Manager in programs that may be similar to the Programs described in this Brochure and priced differently. Lockwood acts as Portfolio Manager in programs where Lockwood acts a sponsor and also in programs where it does not also act as sponsor. **In addition, Lockwood’s management of the investments in these other programs not described in this Brochure may differ from the way Lockwood manages the investments in the Programs described in this Brochure, for accounts with the same or similar investment objectives, similar risk structure and similar size. For the Programs described in this Brochure and the programs not described in this Brochure, where Lockwood acts as Portfolio Manager, Lockwood may make different decisions regarding the same security in different programs, taking into consideration all facts and circumstances, on or about the same time.** Lockwood personnel enter trade orders for each program independently from the other programs due to different trading technology platforms. As a result, the trades from one program may be entered before the trades of another program.

To obtain a copy of other Lockwood Brochures, call 1-800-200-3033, Option 3.

Lockwood may also provide investment advice to other financial intermediaries. These financial intermediaries may also participate in one or more Lockwood programs. Lockwood may provide advice to certain co-sponsors of other Lockwood wrap fee programs prior to initiating changes in other Client accounts.

Lockwood, through its affiliation with Pershing Securities Singapore Pte Ltd., could provide certain fund management services to accredited institutional investors in Singapore, subject to its registration in Singapore.

Lockwood may enter into arrangements with third parties, including the Firms, whereby these parties have access to Lockwood's proposal generation and/or reporting systems and/or Lockwood may provide back office support for services such as client billing and investment performance reporting. These services may be referred to as platform services. Lockwood may charge such third parties directly for these services.

Lockwood may enter into agreements with third parties, including Firms and affiliates of Lockwood, whereby Lockwood will apply its proprietary quantitative screening techniques (including historical performance and risk measures) to a mutual fund and/or ETF universe provided to Lockwood by a third-party, including your Firm. Lockwood will then assess each mutual fund/ETF as to whether it passes or fails the screening process. The screening results are not intended to be offered by Lockwood as investment advice to clients, but rather only offered to the corresponding Firm. Lockwood has no investment discretion when it is only providing mutual fund and ETF screening services. Lockwood's fee for this service may be billed quarterly to the third-party or Firm.

#### **N. Privacy Policy**

Lockwood has procedures designed to protect your personal information. Please refer to Exhibit E for Lockwood's Privacy Policy.

#### **O. Business Continuity**

Lockwood has adopted a business continuity strategy to maintain critical functions in the event of circumstances which impact our physical plants, applications, data centers or networks. Lockwood has engaged in planning and process development to reduce risk in this area.

#### **P. Error Correction**

Lockwood seeks to correct errors affecting client accounts in a fair and timely manner and in such a way that the client will not suffer a loss. To manage potential conflicts of interest concerning errors, we have implemented a written error resolution policy, whereby risk management personnel monitor and resolve such issues.

#### **Q. Risk Committee**

Representatives from Lockwood participate in the Pershing Risk Management Steering Committee, which has been established to provide an integrated forum of Pershing's global risk and control management.

\* \* \*

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. Lockwood has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.



# EXHIBIT A

## MODEL PROVIDERS

<b>Model Provider Investment Styles (as of January 1, 2020)</b>	<b>Fee**</b>
Aberdeen Asset Management – US Equity Small Cap Core	0.40%
Advisors Capital Management – International Dividend	0.35%
BlackRock Investment Management – Target Income – Moderate Income Index	0.20%
BlackRock Investment Management – Target Income – Core Income Index	0.20%
BlackRock Investment Management – Target Income – High Income Index	0.20%
BlackRock Investment Management – Target Income – Aggressive Income Index	0.20%
Boyd Watterson - Ultra Enhanced Core Bond All ETF	0.20%
Boston Partners – International Equity ADR	0.45%
Boston Partners – Large Cap Value	0.35%
Cambiar – International Equity ADR	0.35%
Capital Group – Global Equity	0.42%
Capital Group – International Equity	0.42%
Capital Group – U.S. Core	0.35%
Cardinal Capital Management – SMID Cap Value	0.45%
Chartwell Investment Partners - Mid Cap Value	0.30%
Dana Investment Advisors - Large Cap Core	0.25%
Dana Investment Advisors – Social ESG Equity	0.25%
Delaware Investments - Large Cap Value	0.30%
Eagle Asset Management – Eagle Mid Cap Growth	0.35%
Earnest Partners, LLC – Small Cap Core	0.40%
Federated Investment Counseling – Global Strategic Value Dividend	0.35%
Federated Investment Counseling – Strategic Value Dividend	0.35%
Fiera Capital – US Equity	0.35%
Fred Alger Management – Alger Capital Appreciation	0.30%
Glenmede – Large Cap Equity	0.28%
Granite Investment Partners – Small Core Plus Equity	0.35%
Great Lakes – Disciplined Equity All Cap	0.35%
Great Lakes – Disciplined Equity Large Cap	0.30%
Great Lakes – Disciplined Equity SMid Cap	0.40%
J.P. Morgan Equity Income	0.30%
J.P. Morgan Value Advantage	0.35%
Jennison Associates – Large Cap Growth	0.30%
Lazard – International Equity Select ADR	0.45%
Lazard – International Equity Select with Emerging Markets ADR	0.45%
Legg Mason – Clearbridge Dividend	0.30%
Legg Mason – Clearbridge International Growth ADR ESG	0.35%
Legg Mason – Clearbridge International Value ADR	0.38%
Legg Mason – Clearbridge Mid Cap Core	0.35%

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\*\*If the Model Provider has a tiered fee schedule with breakpoints, the fee shown is the current blended fee rate paid to the Model Provider

Legg Mason – Clearbridge Multi Cap Growth	0.30%
Miller/Howard – Income Equity with MLPs	0.36%
Renaissance Investment Management – Large Cap Growth	0.35%
Riverbridge Partners - SMid Cap Growth	0.45%
RNC Genter - Dividend Income	0.25%
Sage Advisory - Core Plus Fixed Income w/ETFs	0.20%
TCW – Relative Value Large Cap	0.32%
T. Rowe Price – US Large Cap Core	0.30%
T. Rowe Price – US Growth Stock	0.30%
T. Rowe Price – US Value Equity	0.32%
Wells Fargo Funds Management, LLC – Golden SMID Cap Core	0.40%
William Blair – International Growth ADR	0.35%
William Blair – Large Cap Growth	0.30%

## EXHIBIT B

<b>FISMA Portfolio Managers and Investment Styles (as of January 1,2020)*</b>	<b>Minimum</b>	<b>Fee**</b>
<b>BlackRock Investment Management, LLC</b> <ul style="list-style-type: none"> <li>• Short-Term Municipal</li> <li>• Long-Term Municipal †</li> <li>• Intermediate Municipal Bond †</li> <li>• Short-Term Taxable Fixed Income</li> <li>• Intermediate Taxable Fixed Income</li> </ul>	\$250,000	0.25%
<b>Boyd Watterson Asset Management, LLC</b> <ul style="list-style-type: none"> <li>• Investment Grade Intermediate SMA †</li> <li>• Limited Duration 1-3</li> </ul>	\$250,000	0.25%
<b>Nuveen Asset Management, LLC</b> <ul style="list-style-type: none"> <li>• Intermediate Term High Quality Municipal Bond</li> <li>• Intermediate Term High Quality Municipal Bond – State Specific</li> <li>• Intermediate Term High Quality Municipal Bond – State Preferred</li> <li>• Limited Maturity Municipal Bond</li> <li>• Limited Maturity Municipal Bond – State Specific</li> <li>• Limited Maturity Municipal Bond – State Preferred</li> <li>• Long Term Municipal Bond</li> <li>• Long Term Municipal Bond – State Specific</li> <li>• Long Term Municipal Bond – State Preferred</li> </ul>	\$250,000	0.23%
<b>RNC Genter Capital Management, LLC</b> <ul style="list-style-type: none"> <li>• 1-5 Year Municipal Ladder</li> <li>• 1-10 Year Municipal Ladder</li> <li>• 1-15 Year Municipal Ladder</li> </ul>	\$250,000	0.14%

\* Portfolio Managers in the Fixed Income Portfolios Program will typically place trade orders with broker-dealers other than E\*TRADE Securities LLC. Please refer to Item 4, Section D for additional information. There may be additional fees associated with a Portfolio Manager's trades executed away from your Designated Broker. Please refer to the Portfolio Manager's Form ADV, Part 2 A, or contact your Consultant for more information about the additional fees that you may incur. In addition, please see Exhibit D, Frequently Asked Questions Regarding "Trading Away" and "Step Out" Transactions for Wrap Account Clients.

\*\* If the Portfolio Manager has a tiered fee schedule with breakpoints, the fee shown is the current blended fee rate paid to the Portfolio Manager.

## EXHIBIT C

### **Risks Associated with Certain Investments**

Despite the analysis undertaken by Lockwood's analysts and Portfolio Managers, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, Sub-Advisers, Portfolio Managers or approaches not offered by Lockwood that may perform as well or better. You should consider these factors carefully before deciding to invest. The risks associated with certain investments are described below.

#### Absolute Return Strategies

Absolute return strategies use a variety of investment strategies, including long and short positions, in an effort to produce absolute (positive) returns regardless of general market conditions. Absolute return strategies may be invested in a variety of traditional and alternative asset classes. Absolute return strategies generally do not attempt to keep the portfolio structure or the fund's performance consistent with any designated stock, bond or market index, and during times of market rallies, absolute strategy funds may not perform as well as other funds that seek to outperform an index return. Because a significant portion of an absolute strategy fund's assets may be invested in a particular geographic region or country, the value of the fund's assets may fluctuate more than a fund with less exposure to such areas.

#### *Alternative Investments, Derivatives, and the Use of Leverage*

Alternative investments and derivatives, are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An example would be a call option on a stock. The value of the option depends, in part, on the price of the stock. An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities. You should have a long-term investment horizon if you are considering these types of investments.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy is speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

The use of derivative instruments may involve leverage. Leverage is the risk associated with securities or practices that multiply small index, market or asset price movements into larger changes in value. Leverage may cause the fund to be more volatile than if it had not been leveraged, as certain types of leverage may exaggerate the effect of any increase or decrease in

the value of the fund's portfolio securities. The loss on leveraged transactions may substantially exceed the initial investment.

The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

### *Closed-End Funds*

Portfolios that invest in closed-end funds are subject to general market risk and, depending on the investment policy of a particular fund and the types of securities in which a fund invests, may also be subject to issuer, credit, interest rate, prepayment, inflation, liquidity, political, currency, and leverage risk. Shares of closed-end funds trade in the stock market based on investor demand; therefore, shares may trade at a price higher or lower than the market value of a fund's total net assets. For a complete discussion of the risks for a particular closed-end fund, investors should refer to the fund's prospectus.

### *Commodities*

Commodities are assets that have tangible properties, such as oil, metals and agricultural products. Funds that invest in commodities and commodity-linked securities may be affected by overall market movements, changes in interest rates and other factors, such as weather, disease, embargoes, and international economic and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. Funds that invest in commodities or commodity-linked securities may not be suitable for all investors. The potential for a commodity-linked security to use derivative instruments, such as futures, options and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

### *Concentration Risk*

Where a pooled vehicle's underlying index or portfolio is concentrated in the securities of a particular market, country, industry, sector or asset class, the vehicle may be adversely affected by the performance of those securities, subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that particular market, country, industry, sector or asset class.

### *Convertible Arbitrage Strategies*

Funds that employ convertible arbitrage strategies seek to generate income by purchasing convertible securities and then selling short the securities' underlying stock. Investing in convertible securities involves risks, including the risk that the company issuing the debt security will be unable to repay principal and interest (default risk) and the risk that the debt security will decline in value if interest rates rise (interest rate risk). Convertible securities are subject to price fluctuations and may gain or lose value if sold prior to maturity. A majority of convertible securities trade on the over-the-counter market, which may make them more illiquid than other

investments. Short selling involves significant risk, as an increase in the value of borrowed securities between the date of the short sale and date the borrowed security is replaced may expose the fund to unlimited loss.

### *Convertible Securities*

Investments in convertible securities are subject to price fluctuation and may gain or lose value if sold prior to maturity. A majority of convertible securities trade on the over-the-counter market, which may make them more illiquid than other securities.

### *Corporate Fixed Income*

Investments in corporate fixed income securities are subject to a number of risks, including the possibility of issuer default, credit risk, market risk and call risk.

### *Covered Calls*

Funds that engage in the selling (or writing) of covered calls may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero. Investors should read and understand the risks associated with options prior to engaging in any covered call strategy. These risks are more fully described in the booklet entitled "The Characteristics & Risks of Standardized Options", which can be accessed at [www.optionsclearing.com](http://www.optionsclearing.com).

### *Currency Carry Strategies*

Funds that employ currency carry strategies seek to benefit from changes in the relative valuations of one currency to another currency, primarily through the buying and selling of over-the-counter (OTC) derivatives, such as currency spot, forward and non-deliverable forward contracts. This strategy may involve significant risk, as there is no exchange on which to trade over-the-counter derivatives and no standardization of contracts, which may make it difficult or impossible to value or liquidate an open position. The relationship between different currencies may be highly volatile, and transactions involving foreign currencies may entail risks not common to investments denominated entirely in a person's domestic currency. Such risks include the risks of political or economic policy changes in the foreign nation; the stability of foreign governments, banking systems and economies; the performance of global stock markets; interest rate levels; inflation; and any other conditions that may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency. The market for some currencies may, at times, experience low trading volume and become illiquid, thus subjecting the fund to added risk, including the potential for substantial loss.

### *Emerging Markets*

Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses restrictions on foreign ownership on prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets.

### *Equity Securities*

Equity securities (*i.e.*, stocks), as well as portfolios that invest in equity securities, are subject to several general risks, including the risk that the financial condition of the issuer may become impaired or the general condition of the stock market may deteriorate, either of which may cause a decrease in the value of the issuer's securities. Equity securities are susceptible to general stock market fluctuations and to sudden, significant and prolonged increases and decreases in value as market confidence in and perceptions of the security's issuer change. These perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. There can be no assurance that an issuer will pay dividends on outstanding shares of its common stock, as the payment of dividends will generally depend upon various factors, including the financial condition of the issuer and general economic conditions. Holders of common stocks of any given issuer will generally incur more risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders, as owners of the issuer, generally have subordinated rights to receive payments from such issuer in comparison with the rights of creditors or holders of the issuer's debt obligations or preferred stocks. The existence of a liquid trading market for certain equity securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made for any securities, that any market for the securities will be maintained, or that any such market will be or remain liquid. The price at which an equity security may be sold will be adversely affected if trading markets for the security are limited or absent.

### *Exchange-Traded Products*

Exchange-Traded Products ("ETPs") are pooled vehicles that derive their value from instruments such as stocks, bonds, commodities, or currencies, and trade intra-day on a national securities exchange. Generally, ETPs are established as either Exchange-Traded Funds ("ETFs") or

Exchange-Traded Notes (“ETNs”); for more information about the structure and features of securities themselves, please see their respective descriptions in this section.

In addition to the risks borne by all pooled vehicles such as management risk, concentration risk and non-diversification risk, there are special risks associated with ETPs, such as:

- **Costs of Buying and Selling ETP Shares.** When buying and selling ETP shares through a broker, an investor will incur brokerage commissions or other charges imposed by the broker. An investor also will incur the cost of the “spread” between the bid and ask prices of the ETP shares. Frequent trading in ETP shares may, therefore, adversely affect the investment performance of an ETP investment through these costs. Such costs also may make regular small investments in ETP shares inadvisable.

The Program Fees for the Managed Products do not include fees or expenses that may be associated with individual ETPs, including, but not limited to, the ETP sponsor fee, the trustee fee, ETP custodian’s fee, stock exchange listing fees, SEC registration fees, printing and mailing costs, audit fees, legal fees, licensing fees, marketing expenses and other operating expenses. For more information on these expenses, refer to the ETP’s prospectus.

- **Derivatives Risk.** As stated previously, derivative investments are often more volatile than other investments and may magnify an ETP’s gains and losses. An ETP that invests a portion of its assets in derivatives, such as futures and options contracts, is subject to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The risks associated with an ETP’s use of futures and options contracts include:
  - losses that exceed those experienced by funds that do not use futures contracts and options;
  - changes in the market value of the securities held by the ETP that are uncorrelated to the prices of futures and options on futures;
  - secondary market illiquidity, which may prevent the ETP from closing out its futures contracts at a time which is advantageous;
  - trading restrictions or limitations imposed by an exchange or other market and government regulations; and
  - speculative risk because option premiums paid or received by the ETP are small in relation to the market value of the investments underlying the options.

Where the price of an options or futures contract declines more than the trading limits established by an exchange, trading on that exchange is halted on that instrument. If a trading halt occurs, the ETP may be temporarily unable to purchase or sell those options or futures contracts. If a trading halt occurs near the time the ETP prices its shares, it could limit the ETP’s ability to employ leverage and thereby prevent the ETP from



achieving its investment objective. In such cases, the ETP also may be required to use a “fair value” method to price its outstanding contracts.

Depending on the specific ETP’s investment objective and strategy, certain ETPs may invest a significant portion of their assets in derivatives.

- **ETP Risk.** By investing in ETPs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights. Upon sale or redemption of the ETP shares, the owner will be paid cash, and will have no right to receive delivery of any of the underlying index components or commodities or other assets underlying the index components.
- **Leverage Risk.** As stated previously, the more an ETP invests in leveraged derivative instruments, the more this leverage will exaggerate the effect of any increase or decrease in the value of those investments. For leveraged index-based ETPs, the value of the ETP’s shares will often increase or decrease more than the value of any increase or decrease in its underlying index. Leverage will also magnify tracking error risk (see below).
- **Liquidity Risk.** In certain circumstances, it may be difficult for an ETP to purchase and sell particular investments within a reasonable time at a fair price, which may reduce the ETP’s returns. To the extent that there is not an established retail market for instruments in which the ETP may invest, trading in such instruments may be relatively inactive. In addition, during periods of reduced market liquidity or in the absence of readily available market quotations for particular investments in the ETP’s portfolio, the ability of the ETP to assign an accurate daily value to these investments may be difficult and the investment advisor may be required to fair value the investments. Alternative and Specialty ETPs or ETPs that seek exposure to small-capitalization companies may be subject to liquidity risk to a greater extent than other ETPs.
- **Market Risk.** An ETP is exposed to the economic, political, currency, legal and other risks of a specific sector, industry, region or market related to the underlying securities and/or index that the ETP is tracking.
- **Tracking Error Risk.** This refers to the disparity between the performance of the ETP (as measured by its NAV) and the performance of the underlying index on either a daily or aggregate basis. Tracking error may arise due to:
  - failure of the ETP's tracking strategy,
  - the impact of fees and expenses,
  - foreign exchange differences between the base currency or trading currency of an ETP and the currencies of the underlying investments, or
  - corporate actions such as rights and bonus issues by the issuers of the ETP 's underlying securities.

Mathematical compounding may prevent leveraged and inverse ETPs that seek to track the performance of their underlying indices or benchmarks on a daily basis from correlating with the monthly, quarterly, annual or other period performance of their benchmarks. Factors such as ETP expenses, imperfect correlation between the ETP's investments and those of its underlying index, rounding of share prices, changes to the composition of the underlying index, regulatory policies, high portfolio turnover rate, and the use of leverage all contribute to tracking error. Investing in ETPs is not equivalent to a direct investment in an index or index components. Depending on its particular strategy, an ETP may not hold all the constituent securities of an underlying index in the same weightings as the constituent securities of the index, or may hold securities other than the constituent securities of the underlying index. Therefore, the performance of the securities underlying the ETP as measured by its NAV may outperform or underperform the index, perhaps significantly.

- **Trading at Prices Other than NAV.** ETP shares may trade below or above their NAV. The NAV of ETP shares will fluctuate with changes in the market value of the ETP's portfolio holdings. The trading prices of ETP shares will fluctuate in accordance with changes in NAV as well as market supply and demand. The trading price of ETPs may deviate significantly from NAV during periods of market volatility. The investment manager cannot predict whether ETPs will trade below, at, or above their NAV. Price differences may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for ETPs will be closely related to, but not identical to, the same forces influencing the prices of the securities held by an ETP.
- **Trading Risk.** Although an ETP's shares are listed on a national securities exchange, there can be no assurance that an active or liquid trading market for the ETP's shares will develop or be maintained. Trading in ETPs on an Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in ETPs inadvisable. Trading in ETPs on the Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange "circuit breaker" rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

### *Exchange-Traded Funds*

Exchange-Traded Funds ("ETFs") are ETPs that derive their value from instruments such as stocks, bonds, commodities, or currencies, and trade intra-day on a national securities exchange. Generally, these are established as either open-end investment companies or unit investment trusts ("UITs"). For risks related to ETPs, please see above.

Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, if you own one of these ETFs, you will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to you on an IRS Schedule K-1. You should consult your tax advisor in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

### *Exchange-Traded Notes*

Exchange-Traded Notes (“ETNs”) are ETPs that are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level. The initial index level is the closing value of the underlying index on the creation/inception date of the note.

One significant risk factor that affects an ETN’s value is the credit of the issuer. ETNs are synthetic investment products that do not represent ownership of the securities of the indices they track, and are backed only by the issuer’s credit. The value of the ETN may drop despite no change in the underlying index due to the adverse change in issuer’s creditworthiness or in perceptions of the issuer’s creditworthiness.

For additional risks related to ETPs, please see above.

### *Fixed Income*

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security’s price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer’s individual situation or industry, or events in the financial markets. In general, a bond’s yield is inversely rated to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

### *Floating Rate Loans*

Investment vehicles may include mutual funds and/or ETFs that invest in floating rate loans, which are subject to risks similar to those of below investment grade securities. The value of the collateral securing the loan may decline, causing a loan to be substantially unsecured. In addition, the sale and purchase of a bank loan are subject to the requirements of the underlying credit agreement governing such bank loan. These requirements may limit the eligible pool of potential bank loan holders by placing conditions or restriction on sales and purchases of bank loans. Bank loans are not traded on an exchange and purchasers and sellers of bank loans rely on market makers, usually the administrative agent for a particular bank loan, to trade bank loans. These factors, in addition to overall market volatility, may negatively impact the liquidity of loans. Difficulty in selling a floating rate loan may result in a loss. Borrowers may pay back principal before the scheduled due date when interest rates decline, which may require the mutual fund or ETF to replace a particular loan with a lower-yielding security. There may be less public information available with respect to loans than for rated, registered or exchange listed

securities. The mutual fund or ETF may assume the credit risk of the administrative agent in addition to the borrower, and investments in loan assignments may involve the risks of being a lender.

### *Foreign Investments*

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic, and political risks, and may follow different accounting standards than domestic investments.

### *GNMA Securities*

Investments in GNMA securities involve fluctuation due to changing interest rates or other market conditions. Investors may experience a gain or loss due to prepayment of obligations and may receive back part of their investment before redemption.

### *Gold*

Investment vehicles may include ETFs that invest in gold bullion. The price of gold has fluctuated widely over the past several years. Several factors affect the price of gold, including: global supply and demand; global or regional political, economic or financial events and situations; investors' expectations with respect to the rate of inflation; currency exchange rates and interest rates. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future.

### *Government Agency Securities*

Investments in U.S. government agency securities involve fluctuation due to changing interest rates or other market conditions. Investors may experience a gain or loss due to prepayment of obligations and may receive back part of their investment before redemption.

### *Health Sciences*

Portfolios may include mutual funds and/or ETFs that invest in health sciences companies, which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. These actions and regulations can affect the approval process for patents, medical devices and drugs, the funding of research and medical care programs, and the operation and licensing of facilities and personnel. The goods and services of health sciences companies are subject to risks of rapid technological change and obsolescence, product liability litigation, and intense price and other competitive pressures.

### *High Yield Bonds*

High yield ("junk") bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer's ability to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

### *Inflation-Indexed Bonds*

Inflation-indexed bonds are subject to a variety of risks including interest rate, credit, and inflation risk.

### *Infrastructure Securities*

Portfolios that invest in infrastructure-related companies may be more susceptible to developments affecting countries' infrastructure than a more broadly diversified fund would be and may perform poorly during a downturn in one or more industries related to infrastructure. Infrastructure-related companies can be negatively affected by adverse economic and political developments, as well as changes in regulations, environmental problems, casualty losses and increases in interest rates.

### *Intermediate- and Long-Term Fixed Income*

Investments in intermediate- and long-term fixed income securities involve interest rate risk and inflation risk, which could reduce the value or real return of an investment should interest rates rise.

### *International Equity Small-Cap*

Investments in international equity small-cap securities involve additional risks, including foreign currency risk, political instability, foreign legal and accounting practices, increased volatility, and reduced liquidity often associated with securities of smaller companies.

### *Liquidity Risk*

Liquidity risk increases when particular investments are difficult to purchase or sell. Some assets held in a portfolio may be impossible or difficult to sell, particularly during times of market turmoil. A lack of liquidity also may cause the value of investments to decline. Illiquid investments may be harder to value, especially in changing markets. Typically liquid investments may become illiquid, particularly during periods of market turmoil. When illiquid assets must be sold in such market conditions (to meet redemption requests or other cash needs for example), it may be necessary to sell such assets at a loss.

### *Long Short Positions*

The use of long and short positions, may involve risks different from those normally associated with other types of investment vehicles, such as mutual funds. It is possible that the fund's long positions will decline in value at the same time that the value of the securities sold short increases, thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting the fund's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

### *Managed Futures*

Funds that employ managed futures strategies typically utilize derivatives, such as futures, options, structured notes and swap agreements, which provide exposure to the price movements of a commodity (*i.e.*, oil, grain, livestock) or a financial instrument (*i.e.*, currency, index). This may expose the fund to additional risks that would not be present had the fund invested directly in the securities underlying those derivatives. Funds that invest in commodity-linked derivatives may be subject to greater volatility, as the value of those derivatives may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international economic and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. This strategy may cause the fund to invest a significant portion of assets in the securities of a single issuer. Changes in the market value of the issuer's securities may result in greater volatility than would otherwise occur in a more diversified mutual fund, thus increasing the potential for greater investment loss. Funds that employ managed futures strategies may purchase shares of other pooled investments, such as ETFs. In addition to its own expenses, the fund will also bear a portion of the ETF's expenses, which may negatively impact performance. A highly liquid secondary market may not exist for certain derivatives utilized by this strategy, and there can be no assurances that one will develop.

### *Management Risk.*

Management risk is the risk that the investment adviser's investment strategies are not successful in achieving a pooled vehicle's investment objective.

### *Market Neutral Strategies*

Funds that employ market neutral or arbitrage strategies (including merger arbitrage, convertible arbitrage, credit arbitrage, dual class arbitrage, as well as other arbitrage strategies), in using long and short positions, provide no guarantee that they will be successful in limiting a portfolio's exposure to domestic stock and/or fixed income market movements, capitalization, sector swings or other risk factors. Investment in a strategy involving long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions. Funds within the portfolios may employ the use of long and short positions, which may involve risks different from those normally associated with a long-only strategy. It is possible that a fund's long positions will decline in value at the same time that the value of the securities sold short increases, thus raising the potential for greater investment loss. Funds classified within this category may also at times participate in "price pressure" trades, credit or distressed investments (short-term debt, distressed securities, bonds and corporate loans), SPACs (Special Purpose Acquisition Corporations), PIPEs (Private Investments in Public Equities), IPOs (Initial Public Offerings), SEOs (Seasoned Equity Offerings), warrants and spin-offs. Each strategy carries its own unique risks, which are more fully explained in the applicable product prospectus. Please read the prospectus carefully before investing.

### *Merger Arbitrage Strategies*

Funds that employ merger arbitrage strategies seek to capitalize on “event”-driven situations, such as announced mergers, acquisitions and reorganizations, by purchasing the securities of companies that have agreed to be acquired by another company. This strategy involves risks, including the risk that the merger or similar transaction will not occur, will be renegotiated at a less attractive price or may take longer than expected to be completed, which may cause the price of the company’s securities to decline significantly. Funds that employ merger arbitrage strategies may experience significant portfolio turnover, generally resulting in additional transaction costs that may negatively impact fund performance. Funds may also invest in the securities of a limited number of companies whereby a decline in the value of any one security may have a greater impact on a fund’s share price. This may result in increased volatility over a more diversified fund and the potential for greater investment loss.

### *Master Limited Partnerships*

Master Limited Partnerships (“MLPs”) are subject to certain risks, including limited control and limited rights to vote on matters affecting the partnership. In addition, conflicts may exist between common unit holders, subordinated unit holders, and the general partner of an MLP, including conflicts arising as a result of incentive distribution payments. Unit holders in MLPs will receive an Internal Revenue Service (“IRS”) Schedule K-1 from the MLP, and information about the MLP will not be included in any Form 1099 received from the custodian. In addition, investors may need to file with the IRS for an extension to file their tax returns due to the timing of the issuance and mailing of the Schedule K-1 by the MLP. Unit holders of MLPs may be subject to complex tax requirements and such tax features may not be suitable for certain investors. Investors should consult with their tax advisors prior to investing in MLPs.

### *Micro-Cap Securities*

Micro-cap stocks may offer greater opportunity for capital appreciation than the stocks of larger and more established companies; however, they also involve substantially greater risks of loss and price fluctuations. Micro-cap companies carry additional risks because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. Micro-cap companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources, and may lack management depth. In addition, there may be less public information available about these companies. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the ability to sell these securities. In addition, it may take a long time before the value of your investment realizes a gain, if any, on an investment in a micro-cap company.

### *Mortgage-and Asset-Backed Securities*

Investments in mortgage-and/or asset-backed securities involve risk, including the risk of prepayment, which may affect the overall return of the investment. Only select deposit products and investments are guaranteed by the Federal Deposit Insurance Corporation (FDIC), and the credit quality of a particular security or group of securities does not ensure the stability or safety of the overall portfolio.

### *Municipal Bonds*

An investment in any municipal portfolio should be made with an understanding of the risks involved in investing in municipal bonds, such as interest rate risk, credit risk and market risk, including the possible loss of principal. Please contact your tax advisor regarding the impact of tax-exempt investments in your portfolio. If sold prior to maturity, municipal securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

### *Mutual Funds*

The Program Fees do not include fees or expenses, which may be associated with individual mutual funds, including, but not limited to, redemption fees, 12b-1 fees, other fund expenses or other applicable regulatory fees. Lockwood's affiliates, including Pershing and Pershing Advisor Solutions, may receive fees from the mutual funds are held in your account. Please refer to each mutual fund's prospectus for more information about the specific investment risks associated with each mutual fund.

### *Non-Diversification Risk*

Pooled vehicles, such as ETPs and mutual funds, may be diversified or non-diversified depending on their investment objectives and portfolio holdings. Pooled vehicles that are non-diversified may invest in the securities of a limited number of issuers. To the extent that a pooled vehicle invests a significant percentage of its assets in a limited number of issuers, the vehicle is subject to the risks of investing in those few issuers, and may be more susceptible to a single adverse economic or regulatory occurrence. As a result, changes in the market value of a single security could cause greater fluctuations in the value of the pooled vehicle's shares than would occur in a diversified pooled vehicle.

### *Non-U.S. Fixed Income*

Investments in non-U.S. fixed income securities involve additional risk, including interest rate risk, credit risk and market risk, which could reduce the yield that you receive from your portfolio. These are in addition to the risks associated with all fixed income securities, including interest rate risk, market risk and the possibility of issuer default.

### *Preferred Securities*

Preferred securities are subject to certain risks, including interest rate risk, where a rise in interest rates may cause the value of preferred shares to decline significantly. Dividend payments are not guaranteed, and an issuer's decision to decrease or suspend dividend payments may adversely affect the value of its preferred shares. Redemption of shares due to maturity, conversion or call features may decrease the overall yield of the portfolio.



### *Real Estate Investment Trusts*

Investments in Real Estate Investment Trusts (“REITs”) are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

### *Short-term Fixed Income Securities*

Short-term fixed income securities are susceptible to fluctuations in interest rates. If interest rates rise, bond prices will decline, despite the lack of change in both coupon and maturity. Price volatility typically increases with the length of the maturity and decreases as the size of the coupon decreases.

### *Small- and/or Mid-Cap Portfolios*

Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy’s ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy’s investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

### *Treasury Inflation Protected Securities*

Investments in Treasury Inflation Protected Securities (“TIPS”) involve liquidity risk and are subject to specific taxation obligations. TIPS typically set a coupon rate equal to a broad-based inflation index, such as the Consumer Price Index for all Urban Consumers, calculated by the Bureau of Labor Statistics. Unlike other securities, TIPS are generally quoted in the market in terms of real (net of inflation) yields.

### *Treasury Securities*

Investments in intermediate- and long-term Treasury securities involve interest rate risk and inflation risk, which could reduce the value or real return of an investment should interest rates rise.

### *Utility Securities*

Portfolios that invest in the utilities sector can be very volatile because of supply and/or demand for services or fuel, financing costs, conservation efforts, the negative impact of regulation, and other factors. In addition, the value of energy companies may be affected by the levels of volatility of global energy prices, energy supply and demand, capital expenditures on explorations and production, energy conservation efforts, exchange rates and technological advances. Securities issued by utility companies have been historically sensitive to interest rate

changes. When interest rates fall, utility securities prices, and thus a utilities fund's share price, tend to rise; when interest rates rise, their prices generally fall.

## **EXHIBIT D**

### **LOCKWOOD ADVISORS, INC.**

#### **FREQUENTLY ASKED QUESTIONS REGARDING**

#### **“TRADING AWAY” AND “STEP OUT” TRANSACTIONS FOR WRAP ACCOUNT CLIENTS**

**1: What is meant by a transaction that has been “traded away” or “stepped out” from Lockwood?**

When a Portfolio Manager decides to place trade orders with another broker-dealer firm other than your Designated Broker, the resulting transaction is what is commonly referred to as a “trade away” or “step out”, as it is being done away from the Lockwood platform.

Portfolio Managers can execute these “step out” transactions for equity securities including America Depositary Receipts (“ADRs”), as well as for fixed income products.

**2: Do wrap account clients incur additional charges when their Portfolio Manager executes trades away from the Lockwood platform?**

Yes, with minimal exceptions. Additional costs and added fees may be applied in a few different methods. Commissions and mark-ups/downs are often imbedded in the execution prices that clients ultimately pay. That is to say, that a portion of the settlement price that a client ultimately pays has been marked-up or marked-down and thus embedded or part of the net price the client pays or includes a negotiated commission between the Portfolio Manager and executing broker-dealer. ADR transactions will also cost wrap clients extra fees and costs as those types of transactions incur added fees for the purposes of share conversion.

Prior to investing in an international investment style that may include ADRs, clients should ask their Consultants and/or Portfolio Managers what fees and charges will likely occur as an ADR investor and how those fees will be assessed.

**3: How much added costs can I expect to pay?**

Costs vary by Portfolio Manager and trade but as part of our review of the Manager’s practices, we have observed typically charges from \$.0075 - .05 per share for equity transactions. Those clients that see trading away transactions covering both fixed income and ADR transactions will typically see higher charges due a variety of factors including liquidity of the securities involved, access to brokers or inventory portals as well as the need to convert ADRs.

As noted earlier, some Portfolio Managers may not pass on any additional fees; therefore you should review the Form ADV Part 2A Brochure of the Portfolio Manager you have selected for more information regarding their brokerage practices and consider the additional expenses that you may incur. Also, as part of the review of your Portfolio Manager’s disclosure and expected fees, you should also discuss their practices regarding “trade away” or “step out trades” in order to determine how often they engage in such practices and how they seek to ensure that you receive best execution for those transactions when they decide to do so.

**4: Why would my Portfolio Manager direct trades away from Lockwood if they may incur additional fees and costs?**

There may be several reasons why a Portfolio Manager would use another platform for the execution of transactions away from Lockwood. A Portfolio Manager will at times use “step out” transactions in fulfilling a client-directed brokerage arrangement and in other instances to allow for an order to be aggregated.

Portfolio Managers are required to seek the best execution for their clients’ orders, and at time aggregate their orders and step out for operational efficiencies, to access new issues or specialized securities as well as for the purposes of soft dollar arrangements that the firm may have in place. Although Portfolio Managers generally seek competitive commission rates, they may not necessarily pay the lowest commission available as transactions that involve specialized services on the part of the broker-dealer firm may result in higher commission rates than would be the case with more routine transactions. The Portfolio Manager may pay higher commission rates to those brokers whose execution abilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results and based upon the Manager’s assessment, be consistent in obtaining the best execution for the client.

**5: Does Lockwood have any input as to when my Portfolio Manager may trade away?**

No. Lockwood does not discourage or restrict a Portfolio Manager’s ability to trade away, as the responsibility to determine the suitability of trading away falls under the Portfolio Manager’s individual fiduciary duty to clients and is at their discretion and judgment in trading their portfolio securities.

**6: What role does Lockwood play in this process?**

Lockwood’s role and responsibility as sponsor lies in understanding the practices that our Portfolio Managers engage in and to determine when trading away occurs, to what degree such transactions are taking place at a particular Portfolio Manager as well as to collect on a best efforts basis, a determination what costs are associated with such transactions.

We also disclose to the end clients that their Portfolio Managers have the ability to “trade away” and when they do engage in these practices, that additional costs and fees will incur. As mentioned above, it is the responsibility of each portfolio Manager to determine if and when they “trade away” and they also determine if they will pass on costs, fees, mark ups/downs or other charges, and Lockwood will disclose to clients that these actions do take place.

With respect to the Fixed Income Portfolios Program, it is expected that Portfolio Managers will typically place trade orders with broker-dealers other than E\*TRADE Securities LLC. Please refer to Item 4, Section D for additional information.

**EXHIBIT E**  
**LOCKWOOD PRIVACY POLICY**

(BEGINS ON THE NEXT PAGE)

**FACTS****WHAT DOES LOCKWOOD ADVISORS, INC. DO WITH YOUR PERSONAL INFORMATION?**

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"><li>▪ Social Security number</li><li>▪ Account balances and account transactions</li><li>▪ Assets and transaction history</li></ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Lockwood Advisors, Inc. chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does Lockwood Advisors, Inc. share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes	No
For our marketing purposes—to offer our products and services to you		No	No
For joint marketing with other financial companies		No	No
For our affiliates’ everyday business purposes—information about your transactions and experiences		Yes	No
For our affiliates’ everyday business purposes—information about your creditworthiness		No	No
For our affiliates to market to you		No	No
For non-affiliates to market to you		No	No
Questions?	Call Lockwood Advisor, Inc. Compliance at 1-800-200-3033, extension 8839		

**Page 2****Who we are**

<b>Who is providing this notice?</b>	Lockwood Advisors, Inc. (a subsidiary of The Bank of New York Mellon Corporation)
<b>What we do</b>	
<b>How does Lockwood Advisors, Inc. protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal

	law. These measures include computer safeguards and secured files and buildings.
How does Lockwood Advisors, Inc. collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ Open an account</li> <li>▪ Provide account information</li> <li>▪ Make deposits or withdrawals from your account</li> <li>▪ Use your credit or debit card</li> <li>▪ Make a wire transfer</li> </ul> <p>We also collect your personal information from third parties, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ Sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>▪ Affiliates from using your information to market to you</li> <li>▪ Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
Affiliates	<p>Companies related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> <li>▪ Our affiliates include banks and companies whose names include "The Bank of New York," "BNY," "Mellon," or "Pershing," and other financial companies such as Pershing LLC, Pershing Advisor Solutions, and Bank Custody Solutions For Financial Intermediaries, as well as non-financial companies such as Albridge Solutions and BNY Mellon Technology Private Limited.</li> </ul>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> <li>▪ Lockwood Advisors, Inc. does NOT share information with non-affiliates so they can market to you.</li> </ul>
Joint marketing	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ Lockwood Advisors, Inc. does not jointly market.</li> </ul>
<b>Other important information</b>	
<p>This notice applies to individual consumers who are customers or former customers. This notice replaces all previous notices of our consumer privacy policy, and may be amended at any time. We will keep you informed of changes or amendments as required by law.</p>	

**EXHIBIT F**

**Lockwood ERISA 408(b)(2) Disclosure**

**(BEGINS ON NEXT PAGE)**



## **Lockwood Advisors, Inc.**

**760 Moore Road  
King of Prussia, PA 19406  
(800) 200-3033, Option 3  
Co-Sponsored Programs**

### **Service Provider Compensation Disclosure Statement and Guide to Services and Compensation**

This guide and the materials attached to or included by reference in the guide are being provided in accordance with the United States Department of Labor final regulation under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 (“ERISA”). The following is a guide to important information that you should consider in connection with the services to be provided by Lockwood Advisors, Inc. (“Lockwood”) to your employee benefit plan that is a “covered plan” under Section 408(b)(2) of ERISA (the “Plan”). As a fiduciary under ERISA (the federal law governing private sector retirement plans) and/or as an investment adviser registered under the Investment Advisers Act of 1940, the regulation requires Lockwood to disclose information regarding direct and indirect compensation that Lockwood reasonably anticipates receiving in connection with its services and to include disclosure if such services are provided as a fiduciary to the Plan. If you have received this disclosure, and are not the responsible Plan fiduciary, please forward this disclosure to the appropriate person.

Lockwood, Pershing Advisor Solutions LLC (“PAS”) and Pershing LLC (“Pershing”) may each provide services to the Plan. Lockwood, Pershing and PAS are affiliated companies, each of which is indirectly owned by The Bank of New York Mellon Corporation.

Required Information	Disclosure/Location
<p>Description of the services that Lockwood provides to the Plan.</p>	<p>Lockwood provides managed account services to the Plan, as described further in Lockwood’s Co-Sponsored Programs ADV, Part 2A, Appendix 1, Wrap Fee Program Brochure (the “Lockwood Brochure”), pursuant to a triparty investment advisory agreement (“Client Agreement”) between the Plan, Lockwood and a third party investment advisory firm that serves as co-sponsor of the wrap fee program (the “Co-Sponsor Firm”). You have previously been provided with the Lockwood Brochure and the Client Agreement. Please refer to the Client Agreement for more information regarding the managed account program(s) in which the Plan may be enrolled. The Co-Sponsor Firm may also provide the Plan with a separate disclosure statement relating to the program and the Co-Sponsor Firm’s services and compensation.</p> <p>Lockwood serves as the sponsor of the program and provides access to third party managers (each, a “Manager”), which the Plan selects in the Client Agreement. Lockwood may also act as Manager if selected by the Plan in the Client Agreement. Please note that the Manager that the Plan selects in its Client Agreement may provide a separate disclosure statement relating to the Manager’s services and compensation. If Lockwood serves as a Manager to the Plan, this notice also covers Lockwood in its role as Manager.</p> <p>As described further in Item 4 of the Lockwood Brochure, Lockwood delegates certain functions and responsibilities to its affiliate, the Managed Account Solutions (“Managed Investments”) division of Pershing, and compensates Managed Investments for those services. In addition, clearing and custody services described in the Client Agreement and Item 4 of the Lockwood Brochure are performed by Lockwood’s affiliate, Pershing, pursuant to the Client Agreement.</p> <p>Brokerage services in the Lockwood Sponsored Program are provided to the Plan by a third party broker-dealer or PAS, Lockwood’s affiliate, pursuant to a separate brokerage agreement between such broker-dealer and the Plan.</p>
<p>A statement concerning the services that Lockwood provides as an ERISA fiduciary and/or registered investment</p>	<p>Lockwood is an ERISA fiduciary and investment adviser registered under the Investment Advisers Act of 1940, as amended, with regard to the Plan’s account. The Manager selected by the Plan may also be an ERISA fiduciary and investment adviser with regard to the Plan’s account and may provide a separate disclosure statement relating to the Manager’s services and compensation. More information about the Manager selected by the Plan can be obtained by referring to the Manager’s Form ADV, Part 2A.</p>

adviser.	
Compensation Lockwood will receive from the Plan.	<p>The fees the Plan pays to Lockwood and Pershing, including fees payable to Lockwood where Lockwood serves as Manager for the Plan's account, are described in the Client Agreement and Item 4 of the Lockwood Brochure. Lockwood may pay a portion of the fees it receives to Managed Investments, PAS, Pershing and/or the Managers.</p> <p>The range of the third party Manager fees are described in Item 4 of the Lockwood Brochure.</p> <p>Lockwood's affiliate, Pershing, may receive other fees not included in the asset based fee or program fee, described in Item 4 of the Lockwood Brochure. More information on these fees paid to Pershing is available from the Plan's investment advisory representative and will be disclosed in the Plan's custodial account statement. As described in Item 4 of the Lockwood Brochure, there are certain circumstances in which Pershing may receive a fee based on the product selected.</p> <p>For more information regarding the fees paid to the Plan's broker-dealer, the Plan should refer to its brokerage agreement with such broker-dealer.</p>
Compensation Lockwood will receive from other parties that are not related to Lockwood ("indirect" compensation).	<p>Lockwood does not receive soft dollar research and brokerage services. Where the Manager of the Plan's account is not Lockwood, please refer to the Manager's Form ADV, Part 2A for more information regarding the receipt of soft dollar research and brokerage services.</p> <p>Lockwood discloses any sponsorship fees paid or received to or from third parties in Item 9 of the Lockwood Brochure.</p> <p>Indirect compensation that Lockwood's affiliate, Pershing, may receive is further described in Exhibit A hereto.</p>
Compensation Lockwood will receive if the Plan terminates the Client Agreement.	<p>The Client Agreement and Item 4 of the Lockwood Brochure describe fees charged and/or rebated upon the termination of the Plan's account.</p>