

**Item 1 Cover Page**

**Lockwood Advisors, Inc.**

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

**Managed Account Advisor**

**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 Lockwood 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 Advisors, Inc. is available on the SEC’s website [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 (F) has been updated to clarify that FDIC insured sweep vehicles selected for ERISA and IRA accounts pay compensation to Lockwood affiliate Pershing.
- Item 6 (L) has been updated to reflect updated processes Lockwood follows when exercising proxy voting authority delegated to it by certain clients.
- Exhibits A and B have been updated to include portfolio manager trade away data through fourth quarter 2019.
- Exhibit D has been updated to include portfolio manager trade away data through third quarter 2019.

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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.

Lockwood provides access to individual portfolio managers (“Portfolio Managers”) and investment advisory and discretionary services to financial planners, certified public accountants, broker-dealers, registered investment advisers, and other financial advisors (“Firms” or “Firm” in the singular) which, in turn, provide investment advice and consulting services to their clients (“Clients”). Client level advice is generally performed by an employee, agent, affiliate or other delegated persons of a Firm (collectively, “Consultants”). 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.

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”), and provides clearing and custody services for the Lockwood program described in this Brochure. Lockwood and Pershing are affiliated companies, each of which is indirectly owned by BNY Mellon.

Lockwood’s range of investment offerings currently includes the following:

- Separately Managed Accounts (“SMA”) – Researched SMA managers and open architecture SMA managers;
- Lockwood AdvisorFlex Portfolios – A flexible mutual fund and exchange traded fund (“ETF”) wrap product;
- Lockwood Investment Strategies – a fixed unified managed account (“UMA”) wrap product;
- Lockwood Asset Allocation Portfolios – A fixed mutual fund and ETF wrap product; and

Lockwood provides separately managed accounts (“SMAs”) in which each account has a Portfolio Manager responsible for the day-to-day investment decisions. In most cases, the Portfolio Managers used are independent from Lockwood and its affiliates. In the event a Portfolio Manager is affiliated with Lockwood, it will be designated as an affiliate. In addition, because Lockwood also functions as a Portfolio Manager in certain products, Lockwood, itself, may be the underlying manager on some Client accounts. Unless otherwise noted, all references in this Brochure to a Portfolio Manager should be read to include Lockwood’s acting as a manager with respect to the following products: Lockwood AdvisorFlex Portfolios, Lockwood Investment Strategies, and Lockwood Asset Allocation Portfolios.

Lockwood also provides investment advice to other financial intermediaries that may 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.

***As Program sponsor, Lockwood may perform services in one or more of the following capacities:***

- working with your Consultant to offer investment advisory services tailored to meet your individual needs, including suggesting specific investment style allocations, certain periodic rebalancing and investment plan adjustment;
- entering into an investment advisory agreement with you;
- providing access to clearing, custody, and other brokerage services through its affiliate, Pershing;
- reviewing Portfolio Managers and other investment vehicles for inclusion in the program or a specific product;
- providing your Consultant access to summary information and quantitative information about the Portfolio Managers and the investment styles provided by the Portfolio Managers (“Manager Profiles”);
- providing Portfolio Manager connectivity by entering into an agreement with each Portfolio Manager available in the Program, which provides for the investment advisory services that the Portfolio Manager will provide to you; and
- acting as manager for certain, discretionary proprietary managed products described below.

In accordance with Rule 3a-4 under the Investment Company Act of 1940, as amended, Lockwood may contractually delegate certain administrative services to another party. Lockwood has delegated certain administrative functions to its affiliates, including the Managed Accounts Solutions division of Pershing (“Managed Accounts”), including:

- providing service, operational support and training to the Consultants;
- maintaining information about the Portfolio Managers’ investment styles, and making it available to the Consultants;
- providing an investment proposal generation tool, web-based account setup and account maintenance tools to the Consultants;
- providing account and asset reporting capabilities to the Consultants and the Firm, including access to daily and quarterly investment performance reports;

- delivering Lockwood's Brochure to you annually and at the time you enter into the investment advisory agreement with Lockwood;
- delivering each Portfolio Manager's Form ADV Part 2 ("Manager Brochure") at the time you enter into the investment advisory agreement with Lockwood;
- providing fee payments to the Portfolio Managers and the Consultant or the Firm; and
- providing support to the Portfolio Managers, which includes Portfolio Manager training, daily reporting, resolution and Portfolio Manager notification regarding trading, Portfolio Manager relationship management, Portfolio Manager data set-up assistance within the Lockwood systems, and coordinating with Portfolio Managers when your Firm submits account requests.

## **B. Managed Account Advisor®**

Lockwood is the sponsor of the wrap fee program Managed Account Advisor (the "Program"). In the Program, your Firm provides brokerage services to you. Lockwood's affiliate, Pershing, provides clearing and custody services to you, as well as brokerage account statements. Pershing will send you written confirmations of all transactions, unless you elect to suppress confirmations.

Your Consultant provides you with information about the Portfolio Managers Lockwood makes available in the Program. Your Consultant collects certain financial information from you through an investment questionnaire and assists you in selecting a suitable Portfolio Manager(s) and an investment style/asset allocation from Lockwood's list. Your Consultant will assist you in completing the Lockwood Investment Selection Summary and Investment Advisory Profile Agreement (the "Account Paperwork"). Lockwood reviews your objectives and reviews the suitability of the Portfolio Manager(s) and/or investment style you selected. Next, you open a brokerage account at your Firm. After the account is opened, Lockwood makes available to your Consultant regular investment performance reports on your account. Your Consultant may provide a copy of the investment performance report to you.

### **1. Separately Managed Accounts**

The SMA program provides you with access to third party Portfolio Managers who manage separately managed accounts on a discretionary basis. The SMA program available for a fee that is a percentage of your total assets under management (an "Asset Based Fee"). In certain instances, Lockwood may negotiate a fee lower than the pricing disclosed below. Generally, the fee components are:

- Lockwood advisory fee;
- Portfolio Manager fee;
- Clearing and Custody fee; and
- Consultant fee.



The Lockwood advisory fee is a fee for services performed by Lockwood, which may include strategic asset allocation suggestions, investment style allocation, Portfolio Manager research and evaluation, Portfolio Manager hiring and termination or changes, progress reports, rebalancing suggestions, quarterly investment performance reports, document processing, operational systems support, Client level consulting services, and administrative services. You may elect to combine the assets you have in multiple Lockwood accounts for fee calculation purposes, subject to certain restrictions.

a. The Lockwood Fee for SMA

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of your account, the historical or anticipated transaction activity, the range of services provided to you, terms of the relationship between Lockwood and the Firm, and your total relationship assets under management.

**Standard Fee.** Lockwood's standard fee schedule for Separately Managed Accounts includes clearing and custody and is shown below.

Household Assets		SMA Equity/Balanced		SMA Fixed Income
First \$500,000		0.65%		0.35%
Next \$500,000		0.45%		0.28%
Next \$4,000,000		0.35%		0.20%
Next \$5,000,000		0.28%		0.15%
Over \$10,000,000		0.25%		0.15%

The standard fee structure, above, may be negotiated by a Firm, resulting in lower fees being charged to certain Firms. Certain accounts converted from Lockwood's Managed Account Link ("MAL") program may have grandfathered MAL standard or affiliate pricing. Please refer to the Wrap Fee Brochure for Lockwood's MAL program.

Certain Firms have established a total fee schedule (containing asset level breakpoints) to be applied to their Clients' accounts. In such instances, the Lockwood advisory fee remains the same as noted above. Under a total fee schedule, the Consultant's fee may vary at the exclusive option of the Firm and depending upon the fee of the Portfolio Manager(s) selected and the Firm's breakpoints. You should consult the Firm's fee structure, as described in each Firm's brokerage agreement and other disclosure documents. A Firm may elect to add a fee in addition to the Lockwood Program Fee, as disclosed by the Firm to you.

Lockwood may charge an additional fee(s) to provide supplemental, non-advisory services (such as, technology development services) to the Firm.

b. Portfolio Manager Fees

As described above, Lockwood enters into a contract with each Portfolio Manager for the day-to-day management of your account(s). Portfolio Manager fees vary because each Portfolio Manager sets its own fee. A Portfolio Manager's fee typically ranges between 0.20% - 0.75% of assets annually on an account basis, depending on the size of your relationship and style of management. Lockwood has entered into contractual arrangements with Portfolio Managers who have agreed to manage accounts for the fees described in Exhibits A and B.

Lockwood may charge each Portfolio Manager an administrative fee ("Administrative Fee") to cover expenses associated with the portfolio accounting system, the billing support Lockwood provides to Portfolio Managers, tax lot or performance reporting and other administrative services Lockwood provides. The Administrative Fee for fixed income Portfolio Managers is four (4) basis points (0.04%) annually and for equity/balanced Portfolio Managers six (6) basis points (0.06%) annually on the market value of the assets managed by the Portfolio Manager. The Portfolio Manager pays the Administrative Fee to Lockwood; it is not charged to your account. In certain limited instances, Lockwood may waive or reduce the Administrative Fee.

c. Clearing and Custody Fee

Pershing provides clearing and custody services to the Firm with respect to the Program. Pershing may also provide clearing and related services to the Firm for accounts not in the Program, subject to a separately negotiated clearing agreement and fee schedule, which is in addition to Lockwood's advisory fee.

d. Consultant Fee. For information regarding the Consultant Fee, see Section 6, below.

2. Lockwood AdvisorFlex Portfolios

Lockwood acts as a Portfolio Manager in offering the AdvisorFlex Portfolios ("AFP") which is a flexible mutual fund and ETF wrap account product available in the Program. Lockwood is both the sponsor of the Program and the Portfolio Manager of the AFP product.

As Portfolio Manager, Lockwood makes investment decisions regarding asset allocation and investment selections. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for AFP accounts is billed quarterly in advance, as follows:

<u>Account(s) Size</u>	<u>AFP Program Fee (MAA)</u>
First \$500,000	0.40%
Next \$500,000	0.35%
Over \$1,000,000	0.25%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to

you, terms of the relationship between Lockwood and the Firm, and your total relationship assets under management.

In the Program, the AFP Program Fee includes the Lockwood advisory fee, Lockwood's sponsor fee and Pershing's clearing and custody fee. In addition to the AFP Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and your Consultant Firm. The AFP Program Fee does not include fees or expenses, which may be associated with the underlying pooled investment vehicles (such as mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle.

In addition to the Program Fee for AFP accounts, the Consultant may add a reasonable advisory fee subject to the applicable written agreement between you and your Consultant and/or the Firm.

With respect to mutual funds used in AFP accounts, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual fund's prospectuses. For complete details, you should review each mutual fund's prospectus.

The mutual funds used in AFP are made available through Pershing. Lockwood's affiliates, Pershing and Pershing Advisor Solutions receive 12b-1 fees. In addition, certain mutual funds and their affiliates, including those that Lockwood invests in on behalf of AFP clients, pay networking fees, omnibus fees and compensate Pershing for providing services to their funds that are available on a no-transaction-fee basis.

- **12b-1 Fees.** These fees are paid by mutual funds to compensate Pershing and Pershing Advisor Solutions for providing distribution-related, administrative, and informational services, as applicable, associated with each fund. 12b-1 fees are included in the "annual operating expenses" or "expense ratio" charged by each fund. In instances where Lockwood selects a share class that pays a 12b-1 fee, the broker-dealer maintaining the brokerage account, will receive payment of the 12b-1 fee. In instances where the brokerage account is maintained by, Lockwood's affiliate Pershing Advisor Solutions, Pershing Advisor Solutions will receive 12b-1 fees. In limited circumstances, Lockwood's affiliate Pershing may receive a portion of a 12b-1 fee as compensation for services provided for custodied funds.
- **Omnibus Fees.** A number of funds compensate Pershing for providing record-keeping and related services. Pershing generally holds a single "omnibus" account with the fund, and therefore maintains all pertinent individual shareholder information for the

fund. The compensation for these services is commonly referred to as “omnibus fees.” Omnibus fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Omnibus fees are paid from investor assets in the funds, but in some cases may be subsidized in part by affiliates or the distributor of the funds.

- **Networking Fees.** Positions for fund families that are not held on an omnibus basis are held on a networked basis, which means Pershing maintains a separate account on behalf of each shareholder. Networking fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Networking fees are paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.
- **No-Transaction-Fees.** Pershing receives compensation from mutual funds that it makes available on a no-transaction-fee basis for services provided to the funds. This compensation is paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.

Mutual fund companies offer a variety of share classes with different expense levels, and the amount of compensation Pershing and Pershing Advisor Solutions receives will vary depending on whether the fund companies, mutual funds or share classes pay 12b-1 fees, omnibus fees, networking fees, or are offered on a no-transaction-fee basis, and on the amount of such compensation. Not all mutual funds and share classes available to the investing public will be available to Lockwood for use in AFP, and clients should not assume that Lockwood is selecting share classes with the lowest available expense ratio. The share class of a mutual fund offered by Lockwood can have higher expenses (including because of compensation paid to Pershing and Pershing Advisor Solutions), than other share classes of that mutual fund for which a client is eligible or that might otherwise be available if a client invested in the mutual fund through a third party or through the mutual fund directly. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. When evaluating the reasonability of fees and the total compensation Lockwood receives, you should consider not just the Program Fee, but also the additional compensation Lockwood’s affiliates receive from the funds in the AFP program.

When selecting the share class of a mutual fund used in AFP, Lockwood has a conflict of interest to the extent that its selection of a particular share class results in greater compensation to Pershing and Pershing Advisor Solutions. Lockwood addresses this conflict through a combination of disclosure to clients and through policies and procedures designed to prevent Lockwood from considering the fees received by affiliates when selecting a fund or share class. Lockwood reviews the mutual funds contained in its discretionary portfolios semi-annually to review share classes considerations. If you have multiple AFP accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

### 3. Lockwood Investment Strategies

Lockwood Investment Strategies (“LIS”) is a discretionary, multi-discipline managed account product housed in a single portfolio. Five core models and four alternative models are available. Lockwood, serving as the Portfolio Manager, determines asset allocation and selects both third-party asset managers (“Sub-Advisers”) and specific investment vehicles based on its proprietary approach to asset allocation, as well as its macroeconomic outlook and investment discipline. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for LIS accounts is billed quarterly in advance, as follows.

<u><b>Account(s) Size</b></u>	<u><b>LIS Program Fee (MAA)</b></u>
First \$500,000	0.75%
Next \$500,000	0.55%
Next \$4,000,000	0.40%
Next \$5,000,000	0.35%
Over \$10,000,000	0.30%

Lockwood’s fees are negotiable under certain circumstances, in Lockwood’s sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you, terms of the relationship between Lockwood and the Firm, and your total relationship assets under management.

In the Program, the Program Fee for LIS includes the Lockwood advisory fee, Lockwood’s sponsor fee, the Sub-Adviser fees and the Pershing clearing and custody fee. In addition to the LIS Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and your Consultant Firm. The LIS Program Fee does not include fees or expenses, which may be associated with the underlying pooled investment vehicles (such as mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses.

In addition to the Program Fee for LIS accounts, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and your Consultant and/or the Firm.

With respect to mutual funds used in LIS accounts, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual fund’s prospectuses. For complete details, you should review each mutual fund’s prospectus.

The mutual funds used in LIS are made available through Pershing. Lockwood's affiliates, Pershing and Pershing Advisor Solutions receive 12b-1 fees. In addition, certain mutual funds and their affiliates, including those that Lockwood invests in on behalf of LIS clients, pay networking fees, omnibus fees and compensate Pershing for providing services to their funds that are available on a no-transaction-fee basis.

- **12b-1 Fees.** These fees are paid by mutual funds to compensate Pershing and Pershing Advisor Solutions for providing distribution-related, administrative, and informational services, as applicable, associated with each fund. 12b-1 fees are included in the "annual operating expenses" or "expense ratio" charged by each fund. In instances where Lockwood selects a share class that pays a 12b-1 fee, the broker-dealer maintaining the brokerage account, will receive payment of the 12b-1 fee. In instances where the brokerage account is maintained by, Lockwood's affiliate Pershing Advisor Solutions, Pershing Advisor Solutions will receive 12b-1 fees. In limited circumstances, Lockwood's affiliate Pershing may receive a portion of a 12b-1 fee as compensation for services provided for custodied funds.
- **Omnibus Fees.** A number of funds compensate Pershing for providing record-keeping and related services. Pershing generally holds a single "omnibus" account with the fund, and therefore maintains all pertinent individual shareholder information for the fund. The compensation for these services is commonly referred to as "omnibus fees." Omnibus fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Omnibus fees are paid from investor assets in the funds, but in some cases may be subsidized in part by affiliates or the distributor of the funds.
- **Networking Fees.** Positions for fund families that are not held on an omnibus basis are held on a networked basis, which means Pershing maintains a separate account on behalf of each shareholder. Networking fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Networking fees are paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.
- **No-Transaction-Fees.** Pershing receives compensation from mutual funds that it makes available on a no-transaction-fee basis for services provided to the funds. This compensation is paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.

Mutual fund companies offer a variety of share classes with different expense levels, and the amount of compensation Pershing and Pershing Advisor Solutions receives will vary depending on whether the fund companies, mutual funds or share classes pay 12b-1 fees, omnibus fees, networking fees, or are offered on a no-transaction-fee basis, and on the amount of such compensation. Not all mutual funds and share classes available to the investing public will be available to Lockwood for use in LIS, and clients should not assume that Lockwood is selecting share classes with the lowest available expense ratio. The share class of a mutual fund offered by Lockwood can have higher expenses (including because of compensation paid to Pershing and Pershing Advisor Solutions), than other share classes of

that mutual fund for which a client is eligible or that might otherwise be available if a client invested in the mutual fund through a third party or through the mutual fund directly. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. When evaluating the reasonability of fees and the total compensation Lockwood receives, you should consider not just the Program Fee, but also the additional compensation Lockwood’s affiliates receive from the funds in the LIS program.

When selecting the share class of a mutual fund used in LIS, Lockwood has a conflict of interest to the extent that its selection of a particular share class results in greater compensation to Pershing and Pershing Advisor Solutions. Lockwood addresses this conflict through a combination of disclosure to clients and through policies and procedures designed to prevent Lockwood from considering the fees received by affiliates when selecting a fund or share class. Lockwood reviews the mutual funds contained in its discretionary portfolios semi-annually to review share classes considerations.

If you have multiple LIS accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

Lockwood pays all of the Sub-Advisers, in the aggregate, the fee in the table below, which is based on the total assets in the LIS product. Lockwood allocates a portion of this total fee to each Sub-Adviser based on the percentage of the total LIS portfolio attributable to each such Sub-Adviser.

**Sub-Adviser Fee Schedule:**

<u>Assets</u>	<u>Sub-Adviser Fee</u>
First \$500,000,000	0.11%
Next \$500,000,000	0.08%
Next \$1,000,000,000	0.06%
Next \$1,000,000,000	0.05%
Over \$3,000,000,000	0.04%

**4. Lockwood Asset Allocation Portfolios**

Lockwood Asset Allocation Portfolios (“LAAP”) is a discretionary mutual fund and ETF wrap account product. Lockwood, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for the portfolios, based on its proprietary approach to asset allocation, macroeconomic outlook and investment discipline. These portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion. The securities currently used in the LAAP



portfolios are subject to change at Lockwood's sole discretion. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for LAAP accounts is billed quarterly in advance, as follows:

<b><u>Account(s) Size</u></b>	<b><u>LAAP Program Fee (MAA)</u></b>
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Next \$5,000,000	0.25%
Over \$10,000,000	0.20%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you, terms of the relationship between Lockwood and the Firm, and your total relationship assets under management.

Certain mutual fund wrap accounts shall maintain pre-July 1, 2005 and pre-January 19, 2008 pricing, which differs from the fees shown in the schedules above.

The LAAP Program Fee includes Lockwood's advisory fee, Lockwood's sponsor fee, and Pershing's clearing and custody fee. In addition to the LAAP Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and your Consultant's Firm. The LAAP Program Fee does not include fees or expenses that may be associated with the underlying pooled investment vehicles (such as mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses.

In addition to the Program Fee for LAAP accounts, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and your Consultant and/or the Firm.

With respect to mutual funds used in LAAP, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual fund's prospectuses. For complete details, you should review each mutual fund's prospectus.



The mutual funds used in LAAP are made available through Pershing. Lockwood's affiliates, Pershing and Pershing Advisor Solutions receive 12b-1 fees. In addition, certain mutual funds and their affiliates, including those that Lockwood invests in on behalf of LAAP clients, pay networking fees, omnibus fees and compensate Pershing for providing services to their funds that are available on a no-transaction-fee basis.

- **12b-1 Fees.** These fees are paid by mutual funds to compensate Pershing and Pershing Advisor Solutions for providing distribution-related, administrative, and informational services, as applicable, associated with each fund. 12b-1 fees are included in the "annual operating expenses" or "expense ratio" charged by each fund. In instances where Lockwood selects a share class that pays a 12b-1 fee, the broker-dealer maintaining the brokerage account, will receive payment of the 12b-1 fee. In instances where the brokerage account is maintained by, Lockwood's affiliate Pershing Advisor Solutions, Pershing Advisor Solutions will receive 12b-1 fees. In limited circumstances, Lockwood's affiliate Pershing may receive a portion of a 12b-1 fee as compensation for services provided for custodied funds.
- **Omnibus Fees.** A number of funds compensate Pershing for providing record-keeping and related services. Pershing generally holds a single "omnibus" account with the fund, and therefore maintains all pertinent individual shareholder information for the fund. The compensation for these services is commonly referred to as "omnibus fees." Omnibus fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Omnibus fees are paid from investor assets in the funds, but in some cases may be subsidized in part by affiliates or the distributor of the funds.
- **Networking Fees.** Positions for fund families that are not held on an omnibus basis are held on a networked basis, which means Pershing maintains a separate account on behalf of each shareholder. Networking fees compensate Pershing for providing these services, which would otherwise be required to be provided by the fund. Networking fees are paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.
- **No-Transaction-Fees.** Pershing receives compensation from mutual funds that it makes available on a no-transaction-fee basis for services provided to the funds. This compensation is paid out of the assets of the fund manager, but in some cases may be subsidized in part by affiliates or the distributor of the funds.

Mutual fund companies offer a variety of share classes with different expense levels, and the amount of compensation Pershing and Pershing Advisor Solutions receives will vary depending on whether the fund companies, mutual funds or share classes pay 12b-1 fees, omnibus fees, networking fees, or are offered on a no-transaction-fee basis, and on the amount of such compensation. Not all mutual funds and share classes available to the investing public will be available to Lockwood for use in LAAP, and clients should not assume that Lockwood is selecting share classes with the lowest available expense ratio. The share class of a mutual fund offered by Lockwood can have higher expenses (including because of compensation paid to Pershing and Pershing Advisor Solutions), than other share classes of that mutual fund for which a client is eligible or that might otherwise be available

if a client invested in the mutual fund through a third party or through the mutual fund directly. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. When evaluating the reasonability of fees and the total compensation Lockwood receives, you should consider not just the Program Fee, but also the additional compensation Lockwood’s affiliates receive from the funds in the LAAP program.

When selecting the share class of a mutual fund used in LAAP, Lockwood has a conflict of interest to the extent that its selection of a particular share class results in greater compensation to Pershing and Pershing Advisor Solutions. Lockwood addresses this conflict through a combination of disclosure to clients and through policies and procedures designed to prevent Lockwood from considering the fees received by affiliates when selecting a fund or share class. Lockwood reviews the mutual funds contained in its discretionary portfolios semi-annually to review share classes considerations.

If you have multiple LAAP accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

#### 5. Investment Strategy Portfolios

Lockwood may also offer a diversified series of Investment Strategy Portfolios, which are suggested separate account Portfolio Manager mixes consisting of options for taxable accounts and total return options for larger accounts as described in Item 5. Lockwood designs these proprietary asset allocations to meet a Client’s stated investment objectives. In the Investment Strategy Portfolios, Lockwood selects certain Portfolio Managers and/or investment vehicles for the asset allocation. You and your Consultant may override Lockwood’s suggestions as to Portfolio Manager(s) or investment vehicle, in whole or in part. Lockwood does not charge any fee in addition to the Lockwood MAA fee for this service.

#### 6. Advisory Consulting Services

Lockwood may provide Advisory Consulting Services (“ACS”), consisting of proposal support portfolio analysis, and program consultation, to Firms and Consultants. Upon request of a Firm or Consultant, Lockwood analysts on the ACS team may provide consultative services regarding the available Portfolio Managers for a given asset class, or a deeper analysis on the performance and/or holdings of a Covered Manager. Further, upon request of a Firm or Consultant, Lockwood analysts may provide an analysis of an investor’s current portfolio of assets, or guidance on which Portfolio Manager may be an appropriate match for the portfolio. This analysis may also include guidance on how the Consultant can rebalance the account among existing Portfolio Managers or by changing to another Portfolio Manager or investment product. Lockwood does not charge a fee in addition to the Lockwood MAA fee for this service. Lockwood does not assume responsibility for your Firm’s or Consultant’s regulatory compliance or providing advice or recommendations directly to you. The advisory Firm and/or Consultant is responsible for

independently evaluating the output of the ACS and determining whether or not to implement any practices suggested as a result thereof.

## 7. Performance Link

Lockwood provides you with Performance Link functionality. Performance Link allows for consolidated performance reporting of managed accounts and retail accounts. Lockwood provides this performance reporting on a quarterly basis. You select the performance benchmark to be applied to the affected accounts.

The fee for Performance Link functionality is on a per account basis (based on Account Level Assets), as follows:

First \$500,000	0.03%
Next \$500,000	0.02%
Over \$1,000,000	0%

The minimum fee charged per quarter per account is \$35.00. The maximum fee charged per quarter per account is \$62.50.

## 8. Converted PEAK Accounts

### THE PEAK 1 PROGRAM IS CLOSED TO NEW ACCOUNTS.

Certain managed accounts on the Lockwood platform may have been converted from Pershing's former managed account program, PEAK I ("PEAK"). As a result of this conversion, certain PEAK accounts are priced differently from standard Lockwood accounts. The PEAK standard program fee schedule is set forth below and is expressed in terms of an annual percentage of account asset value:

<u>Asset Level</u>	<u>Equity/Balanced</u>	<u>Fixed Income</u>
\$100,000 - \$200,000	3.00%	2.15%
Over \$200,000 - \$500,000	3.00%	1.80%
Over \$500,000 - \$750,000	2.50%	1.50%
Over \$750,000- \$1,000,000	2.00%	1.50%
Over \$1,000,000 - \$2,000,000	1.50%	1.25%
Over \$2,000,000 - \$5,000,000	1.25%	0.90%
Over \$5,000,000 - \$10,000,000	1.00%	0.75%
Over \$10,000,000	Negotiable	Negotiable

## **C. Additional Fee Information**

### **1. The Program Fee.**

You pay an asset-based fee to participate in the Program (the “Program Fee”). The applicable Program Fee depends on the product you have selected and is described above in Section B. The Program Fee for Separately Managed Accounts is referred to as the Asset Based Fee and is also described in Section B. The Program Fee generally covers program administration services provided by Lockwood, custody and clearing of transactions by Lockwood’s affiliate, Pershing, administrative services provided by the Firm, if applicable, and the discretionary asset management services provided by Lockwood when acting as discretionary manager. There may, however, be additional charges such as wire transfer fees or commissions for trades not executed through Pershing. The Program Fee does not cover trades executed through broker-dealers other than Pershing. Please refer to Section D(2) below, “Transaction Charges Resulting From Trades Effected Through Broker-Dealers Other Than Pershing” regarding the reasoning and added costs and fees you may incur when your Portfolio Manager elects to execute trades away from Pershing. The Program Fee is separate from the fee charged by the Consultant. These services may cost you more or less than purchasing similar services separately, assuming the services could be purchased directly from the various providers thereof. The Program is available only for a fee that is based upon a percentage of assets under management.

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.

### **2. Modification of Fee Schedules**

Lockwood reserves the right, in its sole discretion, to negotiate or modify (either up or down) the basic fee schedule(s) 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, 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 schedule(s) set forth herein.

### **3. Delegation of Services**

As discussed in Section A of this Item 4, Lockwood has delegated certain administrative services to Managed Accounts. As such, Lockwood pays a portion of its fee to Managed Accounts.

#### 4. Inception and Post-Inception Billing

At inception, fees are billed in advance from the date the account is opened through the end of that calendar quarter. Thereafter, fees are billed in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter. Unless you instruct otherwise, Lockwood debits your account for the fees charged by Lockwood, its clearing agent, the selected Portfolio Manager(s) and the Consultant and remits the fees to the respective parties accordingly. Lockwood does not make fee adjustments for deposits or withdrawals made during a calendar quarter in accounts in the Program.

#### 5. Account Termination

You may terminate your account agreement, without penalty, within five (5) days of Lockwood's execution of the investment advisory agreement. Thereafter, you may terminate the account at any time in which case fees will be prorated from the start of the current billing period through the termination date. Lockwood may charge a termination fee of \$300.00 for a termination occurring during the first year after an account is opened. Because Lockwood typically charges its fee quarterly in advance based on the assets as of the close of business at the end of the prior quarter, the daily proration upon termination after the first year may result in a rebate of the unused portion of the quarterly fee.

Lockwood may, at its sole discretion, terminate your account as long as Lockwood notifies you in advance, subject to the terms of your agreement with Lockwood. After such termination, Lockwood shall not have any authority over, or responsibility for, investments held in the account, and Lockwood shall not be liable to you for any loss incurred by you.

#### 6. Consultant Fee

Generally, Consultants charge advisory fees for their services, which will vary from Consultant to Consultant, depending on various factors, including the size of your account relationship and the consulting services provided to you. Consultants may combine their fee with the other fees described above in an all-inclusive manner for presentation purposes. Alternatively, your Consultant may charge its fee separately from the services described herein, and this fee may be higher or lower than the all-inclusive fee depending on each Consultant and your relationship and the level of consulting services provided to you. The amount of the Consultant's fee may be more than what the Consultant would receive if you participated in other programs or paid separately for investment advice, brokerage and other services.

Lockwood recommends, and certain state laws require, that you sign a separate contract with your Consultant relating to the Consultant's fee.

#### **D. Fees Not Included in the Asset Based Fee or Program Fee**

There may be other costs assessed which are not included in the Asset Based Fee or 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 Asset Based Fee or Program Fee.

## 1. Additional Fees Charged by the Custodian.

There are other fees charged by the custodian, as applicable, that are not included in your Asset Based Fee or 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 transfer fees, fees for client-initiated 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, paper delivery surcharges for brokerage statements and trade confirmations, and other charges mandated by law. Fees related to paper delivery of confirmations and statements are determined by your broker-dealer. Please reach out to your advisor should you have any questions relating to these charges.

Further, interest will normally be charged on a negative balance in your account. If Pershing has custody of the assets, it will credit interest and dividends to the account. Please review your investment advisory agreement for further information on how Lockwood charges and collects fees.

### *Mutual Fund Surcharge*

If you are invested in an SMA and your account holds mutual funds, your account may be charged a \$10.00 surcharge by the custodian for each purchase and sale transaction in the mutual funds of certain mutual fund families (“Mutual Fund Surcharge”). The Mutual Fund Surcharge is in addition to your Asset Based Fee or SMA Program Fee and will be listed on your custodial statement. You will not be charged a Mutual Fund Surcharge for your LIS, LAAP or AFP accounts.

## 2. Transaction Charges Resulting from Trades Effected through Broker Dealers other than Pershing.

As noted above, the Program Fee does not cover transaction charges or other charges, including commissions, markups and markdowns, resulting from trades effected through or with a broker-dealer other than Pershing, which is the custodian. For this reason, the Portfolio Manager you have selected may determine that placing your trade orders with Pershing is in your best interest.

Your Portfolio Manager may, however, place your trade orders with a broker-dealer firm other than Pershing 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 Pershing or away from Pershing. 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 Pershing.

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 outlined in Section C(1) above 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. Typically, 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 Pershing.

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 seek to ensure that you receive best execution for those transactions when they decide to do so.

In addition, please refer to footnotes that are referenced in Exhibits A and B for more information regarding Lockwood's review of the Portfolio Managers that traded away from Pershing during the year ended December 31, 2017, which may result in additional costs.

### 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.

Portfolio Managers may include exposure to both domestic and foreign stocks in order to achieve greater diversification with the goal of increasing the likelihood that a portfolio's overall investment returns will have less volatility. 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 different. You should 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.

Lockwood's research indicates that many Portfolio Managers will charge certain hard dollar fees associated with executing in local foreign markets, which, as mentioned above, are not included in the Asset Based Fee or Program Fee. These fees typically include, but are not limited to, brokerage expenses, local market execution fees and taxes, exchange-specific taxes/stamp fees, duties/levies, ADR conversion fees, and/or additional settlement and custody charges. Please refer to our Portfolio Manager's Form ADV, Part 2A Brochure to understand the potential added costs and fees that may be incurred under such an investment style.

Pershing may separately assess a fee for such transactions.

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 January 1, 2017, the French tax rate was 0.3% 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.

Pershing may use a third-party or an affiliated broker-dealer licensed in Canada, which entity may be paid certain execution fees.

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 bank 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 in such transaction or service.

#### **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 its sponsors so that fees are based on assets under management, rather than transactions. The unaffiliated Portfolio Managers participating in this program, however, may independently direct trades to an affiliate of Lockwood whereby such affiliate receives commissions. Please refer to the Manager Brochure for information about your Portfolio Manager’s brokerage practices and conflicts of interest.

## **F. 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 for non-IRA or non-ERISA accounts for investment of any 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 your Broker. These 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 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 or 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.

Where Pershing Advisor Solutions is the Broker, the Sweep Options available to you will include some investment vehicles where an affiliate of Lockwood is the investment manager. You have the option of selecting a Lockwood-affiliated fund or another fund.

## **G. 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, Pershing, and other service providers to ensure such coverage.

## **H. 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.

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

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

Lockwood's clients are the Firms, as described in Item 4 of this Brochure, whose investor clients may consist of individuals, banks or thrift institutions, corporations, pension and profit sharing plans, and/or endowments or business entities.

### **B. General Requirements**

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

Lockwood's services in the Program are offered to investors only through Firms. 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 typically not affiliated with Lockwood.

#### **2. Client Process and Document Requirements**

Generally, you should have a written agreement with your Firm and/or Consultant. You will also open a brokerage account with your Firm. The Consultant collects financial and background information from you, and assists you in identifying your investment objectives. The Consultant recommends strategies that are designed to meet those objectives. The Consultant also assists you in selecting one or more suitable Portfolio Managers from among those available in MAA. Your Consultant is your primary contact and he or she will report to you regularly.

There are documents and agreements that are required to open accounts at Lockwood. The Consultant will assist you in completing them. Completed account documents are forwarded to Lockwood by the Consultant. Once an account has been managed by a Portfolio Manager, Lockwood provides investment performance reports to the Consultant who may review them with you.

#### **3. Investment Styles with Additional Requirements**

##### **a. Styles Using Investment Options**

If you select an investment style in which the Portfolio Manager uses investment options, you will be required to agree to specific, additional terms related to options transactions, as fully described in the applicable Options Agreement, which you will enter into with Pershing Advisor Solutions.

You should review the Manager Brochure relating to strategies using investment options.

b. SMA 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.

4. 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.

5. Unfunded Account Termination

*If your account has a zero balance for more than six months, Lockwood will terminate your advisory account in our systems.* Your underlying brokerage account, however, will remain open, unless terminated by the custodian (Pershing). Once an advisory account has been terminated, funding of the account at Pershing 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 Pershing. 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.

6. 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, your account may not be invested in accordance with the model portfolio and/or your investment objective for a period of time.

7. 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.

### **C. Account Minimum Requirements**

#### **1. SMA Account Minimum Requirements**

Lockwood, as sponsor of the Program, does not require a minimum account size for SMAs. However, each Portfolio Manager, including Lockwood, sets its own account minimums. Most Portfolio Managers in the Program will not accept accounts with less than \$100,000. Please refer to Exhibits A and B to view the individual account minimums for each Portfolio Manager.

For the Investment Strategy Portfolios, the minimum initial investment to follow these suggested separate account Portfolio Manager mixes is \$1,000,000.

#### **2. Lockwood Managed Programs: Account Minimums and Requirements**

The account size minimums for LIS, LAAP and AFP are shown in the following table. Lockwood may waive the account minimum, in its sole discretion.

<b><u>Program Name</u></b>	<b><u>Account Opening Minimum</u></b>	<b><u>Subsequent Contribution Minimum</u></b>
LIS	\$250,000	\$2,500
LAAP	\$50,000*	\$1,000
AFP	\$50,000	\$1,000

\*On January 19, 2008, the account opening minimum for LAAP was increased from \$25,000 to \$50,000.

You may fund your accounts with cash equivalents or shares of investment selections included within the applicable program. In the case of LIS, you may be able to fund your account with some shares of investment selections not included within the program, at Lockwood's sole discretion.

If your account falls below the required minimum, Lockwood will notify your Consultant that you need to bring your account to the minimum requirement or your account will become unmanaged in 30 days.

## **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 the Program.

Lockwood evaluates Portfolio Managers and Model Managers for inclusion in the Program. Lockwood may work with the Manager Research Group of its affiliate, BNY Mellon, to review and research Portfolio Managers. Portfolio Managers are approved by Lockwood's Investment Committee prior to inclusion in the Program.

In the Program, Lockwood provides its clients with a list of covered Portfolio Managers and Model Managers ("Covered Managers"). In determining which Portfolio Managers are selected for coverage, Lockwood, through BNY Mellon's Manager Research Center, utilizes a preliminary screening process involving a variety of criteria, such as, but not limited to, a review of assets under management, personnel, registration, disclosures and regulatory history of each Portfolio Manager offered in the Program, as well as conducting on-going reviews. 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.

Lockwood may, as an accommodation, permit certain Portfolio Managers which are not covered ("Non-Covered Managers," as described in Exhibit B) 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 on a Non-Covered Manager.

In all cases, the Portfolio Manager selected has discretion over the Client's assets. Lockwood reserves the right to terminate any Portfolio Manager or Model Manager, at any time in Lockwood's sole discretion.

### **B. Lockwood as Money Manager**

In Lockwood's role as the money manager for its proprietary products (LIS, LAAP and AFP, as each is described herein) Lockwood, itself or through the BNY Mellon Manager Research Group, evaluates Portfolio Managers as subadvisors in a UMA; and pooled investment vehicles such as mutual funds and ETFs and other investment vehicles for inclusion in these managed

products. 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.

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, itself or 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 Policy Committee. Similarly, Lockwood may replace any of these investment vehicles, at its discretion, at any time.

### **C. Change in Research Coverage**

A change in status or removal from the Lockwood Research Coverage list generally triggers a series of actions:

1. Lockwood communicates the decision to Consultants and Firms with a memo detailing the rationale behind the decision.
2. Lockwood, itself or through the BNY Mellon Manager Research Center, may identify one or more alternative Portfolio Managers that manage in the same investment style, so you can decide with the help of your Consultant how to reallocate your assets.
3. Depending on the circumstances, Lockwood may help facilitate the transfer of assets to the replacement Portfolio Manager. Note: Certain Portfolio Managers may accept accounts “in-kind,” so subsequent liquidations can be structured to help avoid unnecessary or unfavorable tax consequences to the investor.

To consider a Portfolio Manager or fund for individual Client accounts, Lockwood, itself or through the BNY Mellon Manager Research Center, reviews the selections and recommendations by you and your Consultant. Portfolio Managers or funds may be replaced if there is a change in your financial circumstances, or if there is a fundamental change in the criteria that is regularly evaluated, as described above. If you change your Portfolio Manager, your fee may be higher or lower than the initial fee indicated according to the new Portfolio Manager's fee schedule.

Your consultant may recommend changes in your Portfolio Manager(s). You can elect to change Portfolio Manager(s) at any time. Further, Lockwood has the limited discretion to hire and fire Portfolio Managers on your behalf. You may also grant a limited power of attorney to your Consultant with respect to Portfolio Manager changes. Each Portfolio Manager employs its own timeframe for investing funds once Lockwood has turned over new assets to the Portfolio Manager. You should consult each Manager Brochure or other disclosure document to determine

the Portfolio Manager's specific procedures. Lockwood is not responsible for any adverse effect caused by a Portfolio Manager's failure to invest your funds on a timely basis.

#### **D. Performance Standards**

Lockwood and/or the BNY Mellon Manager Research Group obtains investment performance information from the Portfolio Managers. Individual Portfolio Managers use various methods of calculating performance. While every attempt is made to obtain information that is consistent across all Portfolio Managers, it is not always possible to do so. Many Portfolio Managers 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 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. Lockwood's Review of Performance Information**

Lockwood does not perform a review of the Portfolio Managers' performance as part of the initial baseline review of Portfolio Managers offered in this Program. However, Lockwood does perform a review of the Portfolio Managers' stated composite disclosure as it relates to the performance provided by the Portfolio Manager through Morningstar as part of the initial baseline review. A performance review for Covered Managers is conducted by the BNY Mellon Manager Research Group. In addition to the initial review, on an annual basis, if a Covered Manager calculates a composite return and makes it available for presentation to Clients, Lockwood or members of the BNY Mellon Manager Research Group will compare the Covered Manager's self-reported, composite performance to the composite performance Lockwood calculated based on Lockwood accounts managed by that Covered Manager. Lockwood performs this comparison as a reasonableness check as part of its ongoing monitoring process for

U.S.-based Covered Managers only. Lockwood cannot guarantee the accuracy of the Covered Managers' composite performance.

### 3. Proprietary Portfolio Managers' Performance

There may be Portfolio Managers included on the platform, which are Lockwood entities, affiliates of Lockwood or related parties to Lockwood. As of the date of this Brochure, there were no affiliated Portfolio Managers available in the Program except that Lockwood is Portfolio Manager of LIS, LAAP and AFP. The specific fee schedules for the Portfolio Managers are found in Exhibits A and B of this Brochure.

### 4. Composite Performance - LIS and LAAP

For LIS and LAAP, a composite is created after five accounts have been managed in that style for a specified period. Lockwood calculates performance each time there is an asset or cash flow of 10% or greater and at each month end. Lockwood calculates performance on a total return basis, which includes realized gains, unrealized gains, and interest and dividend income. Cash is included in the calculation. Accrual accounting is used to recognize interest and dividend income. Cash flows are accounted for by the date they are received, and portfolios are revalued if assets change by more than 10%. Individual account returns are time-weighted. Lockwood annualizes returns for periods greater than one year.

### 5. Model Performance - AFP

The performance data provided in AFP is based on the performance of a model portfolio. Model performance has inherent limitations and does not represent the results of actual trading of your assets. Returns are based upon the primary investment selections for each model and assume the portfolio is rebalanced monthly. Performance is calculated using a time-weighted rate of return, and returns for periods of one year or longer are annualized.

The model performance represents historical gross performance with no deduction for advisory fees (which include program fees, consultant fees and other applicable fees); assumes reinvestment of dividends, capital gains, and any other earnings, and is net of transaction costs. Returns of the underlying funds within each model are based on changes in net asset value and are net of fund expenses, including management fees and any transaction costs incurred by the fund.

It is important to note that the performance of your portfolio will not necessarily match the performance of the model portfolio due to differences in the weightings of the individual holdings, security substitutions, and the effects of periodic rebalancing. In addition, these model results do not take into account timing differences between the model selections and the purchases or sales that were or would have been made based on those selections by you. Due to the range of investment vehicle selections in AFP, your account's performance may differ substantially from AFP's model performance.



## **E. 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 sponsor and Portfolio Manager in LIS, LAAP and AFP (collectively, the "Managed Products"), 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. As a subsidiary of BNY Mellon, Lockwood has a substantial number of investment advisory affiliates. 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 the Managed Products' portfolios. When Lockwood serves as Portfolio Manager, Lockwood does not purchase securities issued by BNY Mellon.

Lockwood's broker-affiliates, including Pershing and Pershing Advisor Solutions, may receive fees from certain mutual fund families whose funds are used in proprietary managed programs. In addition, one or more Lockwood affiliates may be a service provider, such as a trustee or administrator to a mutual fund or ETF used in the Managed Products, and they may receive a fee from the mutual fund or ETF for performing such service.

Certain employees of Lockwood or its affiliates may be invested in the Managed Products. 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.

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 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. In addition, Lockwood or an affiliate may cause multiple accounts to invest in the same 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.

**F. Lockwood as Portfolio Manager: Methods of Analysis, Investment Strategies and Risk of Loss**

In the Program Lockwood acts as manager with respect to AFP, LIS, and LAAP, which are available in the Program, and are described below.

1. Asset Classes

A description of each asset class used in AFP, LIS and LAAP is provided below. It is important to remember that there are risks inherent in any investment, including the loss of principal, which you should 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 AFP, LIS, and LAAP may exhibit similar or superior characteristics and performance than those that are included. The risks associated with certain investment vehicles used in AFP, LIS and LAAP are described in Exhibit C.

a. Fixed Income Securities

*U.S. short-term fixed income:* Seeks to provide a more conservative duration positioning relative to the broad U.S. fixed income market.

*U.S. inflation-protected securities:* Seeks to provide exposure to U.S. Treasury Inflation-Protected Securities (TIPS). This allocation is intended to provide a hedge against U.S. inflation.

*U.S. intermediate-term fixed income:* Seeks to provide exposure to intermediate-term government, corporate and mortgage- and asset-backed fixed income securities. This allocation is intended to provide diversification of income through a broad exposure to the U.S. fixed income universe.

*U.S. long-term fixed income:* Seeks to provide exposure to long-term government and corporate fixed income securities. This allocation is intended to capture incremental yield due to a term premium.

*U.S. high-yield fixed income:* Seeks to provide exposure to U.S. high-yield or non-investment-grade fixed income. This allocation is intended to generate income through investments in U.S. high-yield bonds, while also serving as a substitute for U.S. small-cap equities.

*Global/international fixed income:* Seeks to provide exposure to and diversification through non-U.S. yield curves and currencies.

*Floating rate income:* Seeks to provide exposure to privately structured senior-secured corporate debt obligations with adjustable interest rates. This allocation is intended to generate incremental yield, hedge against rising U.S. interest rates and provide selective credit opportunities.

*Opportunistic Bond:* Seeks to provide exposure to active managers focused on less traditional segments of fixed income markets, generally in a less constrained manner. This allocation is intended to provide diversification of income through a broad exposure to the U.S. fixed income universe.

b. Equity Securities

*U.S. large-cap equity:* Seeks to provide exposure to the equities of U.S. large capitalization companies. This allocation focuses on strategies that seek to generate income through investing primarily in U.S. companies that have historically provided above average dividend yields.

*International equity:* Seeks to provide exposure to the equities of non-U.S. developed market companies. This allocation focuses on investments that seek to generate income through investing primarily in non-U.S. companies that have historically provided above-average dividend yields.

*U.S. mid-cap equity:* Seeks to provide to the equities of U.S. mid-capitalization companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*U.S. small-cap equity:* Seeks to provide exposure to the equities of U.S. small capitalization companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*U.S. large-cap non-traditional:* Seeks to provide exposure to a strategy that seeks to reduce the volatility typically associated with equities of U.S. large capitalization companies under certain market conditions, as well as to provide income through call option premiums. This allocation is intended to provide a partial hedge through the sale of call options on the underlying stock holdings and the purchase of index put options.

*U.S. micro-cap equity:* Seeks to provide exposure to the equities of U.S. micro capitalization companies. This allocation is used for its above-average, long-term cumulative risk/return potential.

*International small-cap equity:* Seeks to provide exposure to the equities of non-U.S. developed market small-cap companies. This allocation is intended to provide long-term capital

appreciation, as well as diversification through investments in companies outside of the United States.

*Emerging markets:* Seeks to provide exposure to the equities of non-U.S. emerging markets companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*Global thematic:* Seeks to provide exposure to equities of global companies that concentrate on specific themes. This allocation seeks to take advantage of investment opportunities as a result of macro-economic developments.

*Commodities:* Seeks to provide exposure to commodities, including agricultural, energy and metals. This allocation is used to provide diversification, as well as a potential hedge against future inflation.

*Real Estate Investment Trusts (“REITs”):* Lockwood may have an allocation to REITs and if so, it generally employs a passive approach in its allocation to REITs. The asset class is represented by the NAREIT-Equity Index, which has had a low correlation to the stock and bond markets. Lockwood may make an allocation to REITs in an effort to lessen overall portfolio volatility and provide income via its dividend yield.

*Global defensive sectors:* Seeks to provide exposure to U.S. and non-U.S. economic sectors. In the AFP Preservation strategy models, sector allocations may be used for the defensive nature of certain economic sectors, such as Consumer Staples, Health Care and Utilities. These sectors, at times, have historically experienced lower declines than the overall market. This allocation may include vehicles that invest in U.S. companies, as well as abroad.

*Alternatives:* Seeks to provide exposure to investments used primarily for their low correlation to more traditional equity and fixed income asset classes, and thus seeks to reduce overall volatility. The AFP Preservation Strategy models may include managed futures, currency carry, merger arbitrage, convertible arbitrage, long /short equity, fixed income and commodities, and multi-strategy funds.

*Gold bullion:* Seeks to provide exposure to gold bullion via an ETF. Lockwood believes that gold has the potential to improve risk-adjusted returns as a strategic position in portfolios. Historically, gold has tended to fare relatively well in inflationary markets and has often provided a “haven” in turbulent times. We also believe that gold has the potential to act as a portfolio buffer when geopolitical risks escalate.

## 2. Lockwood AdvisorFlex Portfolios™

Lockwood acts as a Portfolio Manager for AFP, which is a managed account product available in the Program. Lockwood is both the sponsor of the Program and the Portfolio Manager of the AFP product.

The AFP product includes three, objectives-based strategies (Appreciation, Income and Preservation), with multiple Models within each strategy, as described below. Until April 3, 2009, AFP consisted of eight (8) models/asset allocation strategies (“Models”). Effective April 3,

2009, the number of Models expanded to a total of sixteen (16) Models. Accounts opened prior to April 3, 2009, in one of the eight Models were mapped to the comparable Model within sixteen (16) new Models. A description of each asset class used in one or more of each of the Models is provided below.

a. Appreciation Strategy

Lockwood designed the Appreciation Strategy to seek to provide:

- the long-term level of returns associated with equity and fixed income asset classes; and
- above average, risk-adjusted levels of appreciation.

There are six (6) Appreciation Strategy models, each representing various levels of expected risk and return. Model I is the most conservative model and Model VI is the most aggressive. In each underlying Appreciation Strategy model, Lockwood seeks to achieve its objective through tilts toward asset classes with above-average cumulative return potential, as well as asset classes that pay a premium to investors with a long-term time horizon.

The six (6) Appreciation Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Appreciation Strategy to seek to provide risk-adjusted levels of appreciation, there is no guarantee that the value of your investment will appreciate.

The asset mix of the respective models may include:

- U.S. short-term fixed income
- U.S. inflation-protected securities
- U.S. intermediate-term fixed income
- Global/international fixed income
- Floating rate income
- Opportunistic bond
- U.S. large-cap equity
- U.S. mid-cap equity
- U.S. small-cap equity
- U.S. micro-cap equity
- International equity
- International small-cap equity
- Emerging markets equity
- Global thematic
- Alternative investments
- Gold bullion

b. Income Strategy

Lockwood designed the Income Strategy to seek to provide:

- a risk-managed, diversified portfolio; and
- select opportunities for above-average level of yield.

There are five (5) Income Strategy models, each representing various levels of expected risk and return. Model I is the most conservative and Model V is the most aggressive. In each underlying Income Strategy model, Lockwood seeks to achieve its objective through the use of some or all of the following: dividend paying stocks, real estate investment trusts, master limited partnerships, closed-end funds, and preferred securities.

The five Income Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Income Strategy to seek to provide an above-average level of yield, there is no guarantee that income will be consistently generated from your investment.

The asset mix of the respective models may include:

- U.S. short-term fixed income.
- U.S. inflation-protected securities.
- U.S. intermediate-term fixed income.
- U.S. long-term fixed income.
- Global/international fixed income.
- Floating rate income.
- Opportunistic bond.
- U.S. large-cap equity.
- International equity.

c. Preservation Strategy

Lockwood designed the Preservation Strategy to seek to provide:

- the long-term level of returns typically associated with equity and fixed income asset classes;
- a degree of downside protection; and
- a similar level of long-term volatility, when compared to standard capitalization-weighted indices.

There are five (5) Preservation Strategy Models, representing various levels of risk and return. Model I is the most conservative and Model V is the most aggressive. In each underlying Preservation Strategy model, Lockwood seeks to achieve its objective through tilts toward non-cyclical economic sectors, higher quality securities, and alternative strategies that may alter risk characteristics of the portfolio.

The five Preservation Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Preservation Strategy to seek to provide downside protection, there is no guarantee that the value of your investment will be preserved.

The asset mix of the respective models may include:

- U.S. short-term fixed income.
- U.S. intermediate-term fixed income.
- U.S. long-term fixed income.
- U.S. inflation-protected securities.
- Global/international fixed income.
- Floating rate income.
- Opportunistic bond
- U.S. large-cap non-traditional.
- U.S. large-cap equity.
- International equity.
- Global defensive sectors.
- Alternatives.
- Gold bullion

Lockwood designed the Models to seek to align with the different phases of the investor life cycle, from wealth accumulation, to transition into retirement and ultimately, the management and distribution of income. Each of the Models contains specific investment selections.

Disclosures relating to certain investment selections are contained in Exhibit C and you should review them in detail. You and your Consultant are responsible for selecting the appropriate Model for you.

After account opening, you or your Consultant may determine to move up or down one Model level from the originally selected Model, in your and your Consultant's sole discretion.

Lockwood makes available research reports relating to the investment selections within the Models and prepared by Morningstar, Inc. ("Morningstar").

For each investment selection within a Model, Lockwood identifies several options from which you and your Consultant may choose. Within each Model, there will be primary investment selections ("Primary Selections") and alternate investment selections ("Alternate Selections") from which you and your Consultant may choose.

Lockwood will implement certain updates and changes to the Models ("Model Updates") throughout the life of your AFP account. You have given Lockwood the limited discretion to make trades in your account for Model Updates. You and your Consultant are responsible for reviewing all such Model Updates. When Lockwood performs a Model Update, Lockwood may replace one investment vehicle with another and/or change the asset allocation of the Model.

At any time and in Lockwood's sole discretion, Lockwood may reclassify a Primary Selection as an Alternate Selection. In such a case, existing accounts holding the Primary Selection may keep the existing selection or decide to change to the new Primary Selection. In each instance, Lockwood will notify your Consultant. In the event that a Primary Selection is eliminated from a Model altogether, all accounts in the Model that held the previous Primary Selection will default to the new Primary Selection. In the event that Lockwood removes one of the Alternate Selections, affected accounts will default to either the Primary Selection or another, available Alternate Selection, as determined by Lockwood.

If you select both Primary Selections and Alternate Selections to complete a Model, the mixture of Primary Selections and Alternate Selections may result in changes to the weightings within an asset allocation.

Certain asset classes may contain only Primary Selections. Alternate Selections will not be made available in those cases, in Lockwood's sole discretion.

You may grant limited discretion to your Consultant to make changes to Primary Selections and Alternate Selections in your AFP account and to make other decisions relating to the AFP account on your behalf. Please refer to your agreement with your Firm and/or Consultant for more information regarding the discretion you grant to your Consultant.

Because Lockwood is both a sponsor and Portfolio Manager for AFP, Lockwood does not perform a separate analysis of its management of AFP, as it does for independent Portfolio Managers. Suitability is determined at the account level according to the model expectations. If a model does not perform according to expectations, Lockwood may adjust the model.

### 3. Lockwood Investment Strategies

LIS is a discretionary, multi-discipline managed account product contained in a single portfolio. There are five (5) core models, which span the risk/return spectrum from current income to growth. You may also choose from four (4) additional models, which include exposure to non-traditional asset classes, as described more fully below. Lockwood, serving as the Portfolio Manager, determines the Sub-Advisers and specific investment vehicles based on its proprietary modeling strategies, and its economic outlook.

Lockwood selects Sub-Advisers and/or investment vehicles, such as ETFs or mutual funds, for each investment style. Each Sub-Adviser electronically provides Lockwood with its model portfolio buy list. As the overall Portfolio Manager, Lockwood combines each of the model portfolios into one LIS portfolio designed to perform and act similar to a defined target benchmark. Lockwood uses software to find ways to minimize tax implications and create better tracking to the target benchmark. This portfolio management process is sometimes referred to as "overlay management." The Sub-Advisers currently employed in LIS portfolios are Lazard Asset Management, Chartwell Investment Partners and Riverbridge Partners; and are subject to change at Lockwood's sole discretion.

When Lockwood selects investment vehicles for each investment style in each of the portfolios, a number of factors are evaluated. Not only must the vehicle stand on its own investment merits, but it also must fit within the overall strategy. The amount allocated to an investment style may



determine which type of vehicle may be used to manage that portion of the portfolio. A vehicle such as a mutual fund or ETF may be utilized to allow broad market exposure for lower dollar values. Lockwood may substitute an ETF for a mutual fund held in the model portfolio if a mutual fund is not available. Individual securities supplied by a Sub-Adviser may be used for allocations where Lockwood seeks active securities selection. Lockwood reviews Sub-Adviser and investment vehicle combinations to determine the most effective combination of investments to satisfy the goals of the portfolio. Lockwood also pays considerable attention to fees, liquidity, investment minimums, and operational issues to determine whether they affect the implementation of specific vehicles and Sub-Advisers in the portfolios.

When a Sub-Adviser makes model portfolio changes, the Sub-Adviser may notify Lockwood after the Sub-Adviser has bought and sold securities in its other clients' accounts. Once a particular Sub-Adviser notifies Lockwood of model portfolio changes, Lockwood may make corresponding changes to your account. Lockwood reserves the right to not accept a particular Sub-Adviser 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, Sub-Adviser may effect trades on behalf of their other clients' accounts before Lockwood effects corresponding trades in LIS accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Sub-Adviser, you may be at a disadvantage when compared to Sub-Advisers' other clients with respect to the timing of the trades.

Lockwood also offers a series of strategies limited to traditional asset classes only (Traditional) and a series of strategies that include traditional and non-traditional investment asset classes (Alternative).

Lockwood offers five (5) LIS diversified, discretionary investment portfolios that generally include allocations to Traditional asset classes. Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities. The asset classes represented within the investment portfolios are comprised of:

- U.S. short-term fixed income
- U.S. inflation-protected securities
- U.S. intermediate-term fixed income
- Global/international fixed income
- Floating rate income
- Opportunistic bond
- U.S. large-cap equity
- US large-cap non-traditional
- U.S. mid-cap equity
- U.S. small-cap equity
- International equity
- International small-cap equity
- Emerging markets

- Global thematic
- Alternatives
- Gold bullion

The Traditional Strategies models, representing various levels of expected risk and return, offered within LIS are:

Model I:	Current Income
Model II:	Growth & Income
Model III:	Conservative Growth
Model IV:	Moderate Growth
Model V:	Growth

Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities.

Lockwood may use both active and passive vehicles in any of its asset classes as market conditions or the availability of investment vehicles warrant.

Using a long-term, strategic approach to its asset allocation methodology, Lockwood shifts its models from time to time based on economic models and changing investment fundamentals. Lockwood generally seeks to make relatively small adjustments within its allocation models, rather than making significant shifts between asset classes, in an effort to reduce the volatility of the portfolios. The decision to increase or reduce exposure to an asset class is driven by secular changes to key economic and market-related factors, which may include shifts in valuations, expected earnings growth, or the impact of changing interest rates.

### **Alternative Strategies:**

Lockwood also offers four (4) diversified, discretionary, investment portfolios that include allocations to the non-traditional investment asset class, with the expectation of offering comparable returns with less volatility than the Traditional Strategies.

Lockwood may invest in the following non-traditional asset classes, or others as it deems appropriate, in its sole discretion:

- convertible arbitrage,
- distressed securities,
- equity hedge,
- equity market neutral,
- event-driven,
- fund-of-funds,
- long-short,

- merger arbitrage,
- macro strategies,
- commodities.

Lockwood employs fundamental valuations and employs its own models to evaluate expected returns, risk and correlation for the traditional asset classes it includes in its investment strategies. A similar approach is employed to determine risks and correlations, and set return requirements for the alternative asset classes. The following issues are among those considered for non-traditional assets:

- expected compensation for potential illiquidity,
- transparency and pricing of underlying securities,
- implementation costs and fees, and
- the use of leverage.

The core asset allocation models offered within the LIS Alternative Strategies are:

Alternative Model II:	Growth & Income
Alternative Model III:	Conservative Growth
Alternative Model IV:	Moderate Growth
Alternative Model V:	Growth

Because Lockwood is both sponsor and Portfolio Manager for LIS, Lockwood does not perform a separate analysis of its management of LIS as it does for independent Portfolio Managers. Suitability is determined at the account level according to the portfolio expectations. If a portfolio does not perform according to expectations, Lockwood may adjust the portfolio.

#### 4. Lockwood Asset Allocation Portfolios

LAAP is a discretionary, multi-discipline managed account product contained in a single portfolio. Lockwood, serving as the Portfolio Manager, determines the asset allocation strategy and selects investment vehicles for each investment style in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. Lockwood uses the same analysis described above to evaluate vehicles for use in LAAP.

The five (5) LAAP model portfolios are:

Model I:	Current Income
Model II:	Growth & Income
Model III:	Conservative Growth
Model IV:	Moderate Growth

## Model V: Growth

Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities.

These portfolios may consist of open and closed end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion.

Because Lockwood is both the sponsor and Portfolio Manager for LAAP, it does not perform a separate analysis of its management of LAAP as it does for independent Portfolio Managers. Suitability is determined at the account level according to the model expectations. If a model does not perform according to expectations, Lockwood may adjust the model.

### **G. 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, D(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 AFP, LIS and LAAP. Due to different trading technology platforms, the timing of trading among the different Products may, and often does, differ.

Lockwood maintains “average price accounts” at Pershing for the trades in accounts managed by Lockwood. Generally, trades made within the same Product are aggregated 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. Typically, for each Product, trades for new accounts, style changes and previous day contributions are aggregated in one trade block. For example, if the same security is being purchased in both AFP and LAAP at the same time, there would be separate trading blocks for each of the AFP and LAAP trades. For large ETF orders, however, Lockwood may combine a trade across the Products.

Throughout the day, at various times, Lockwood may receive requests from Clients that require Lockwood to make a trade. For example, you may ask your Consultant to raise cash for an upcoming withdrawal, liquidate a security or change the selected model portfolio. Managed Investments will process the request and enter an order for a trade block as each request is received. If Managed Investments receives multiple requests within a reasonable time (typically a 15 minute window), generally, Managed Investments will aggregate those trades into a single trading block.

## 3. Trade Rotation Policy

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 executed 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 will trade the Lockwood Discretionary Accounts in accordance with the following trade rotation policy, which is applicable to the portfolios it manages in the Program. Lockwood uses the Fiserv APL trading system (“APL”) to allocate the trades made in the Program. Lockwood utilizes the pro-rata method within APL in the event of a partial fill, whereby Lockwood allocates shares to accounts on a pro-rata basis governed by a series of tax-lot and trade criteria until all shares are allocated.

Lockwood's receipt of a model portfolio from a Sub-Adviser is subject to the trade rotation policy of such Sub-Adviser (a "Model Trade Rotation Policy"), which allocates the distribution of model portfolio updates across multiple program SMA and model products in which the Sub-Adviser participates. In some cases, Lockwood may not receive the model portfolio until after such 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. Please refer to the Sub-Adviser's Form ADV Part 2A for more information regarding the trade rotation policies of that Sub-Adviser.

Lockwood reviews the trade rotation policies of each Portfolio Manager 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 Portfolio Manager and is therefore moved to the end of the rotation. Please refer to the Portfolio Manager's Form ADV Part 2A for more information regarding the trade rotation policies.

#### 4. 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 three (3) 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 three (3) 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.

## 5. Important Trading Disclosures

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 Accounts.

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 Portfolio 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 in Client accounts with broker-dealer firms other than Pershing. 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 Pershing. As a result, these Portfolio Managers and their strategies could be more costly than Portfolio Managers that primarily execute Client trade orders with Pershing. The Portfolio Managers that have been identified by Lockwood as regularly trading away from Pershing are designated as such within the footnotes for Exhibits A and B below. This information is based solely upon the historical information available to Lockwood. None of Lockwood or any of its affiliates or

associates makes any representation regarding the future trading practices of a particular Portfolio Manager.

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.

#### **6. 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.

#### **7. Blackout Periods**

Lockwood will implement blackout periods leading up to its discretionary portfolio changes (including changes to underlying investment vehicles, asset allocation changes and rebalances) made for AFP, LIS, and LAAP, and Lockwood/American Funds Core Portfolios. During such blackout periods, processing of certain maintenance requests, such as contributions and withdrawals, and the associated trading may be delayed until the blackout period is complete. Because Client assets remain invested during the blackout period, the value of a Client's account may decrease (or increase) during the blackout period. Requests to fully liquidate and terminate a Client account will not be impacted by blackout periods.

### **H. Lockwood Managed Client Account Customization**

Your account is tailored to your specific investment goals and objectives. Consultants use software and research provided by Lockwood to assist you in identifying your goals. After the Consultant collects financial and personal information from you, you and your Consultant decide on an asset allocation strategy and investment styles that fit the strategy.

#### **I. 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 not possible to manage the account according to the Lockwood strategy, Lockwood will work with your Consultant to determine a potential alternative.



## **J. 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.

## **K. 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 contract with any Portfolio Manager or Sub-Adviser to pay any performance-based compensation in the Program.

## **Conflicts of Interest Relating to the Management of Multiple Client Accounts**

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

## **Conflicts of Interest Relating to "Proprietary Accounts"**

We, our affiliates, and our existing and future employees may from time to time manage and/or invest in products managed by the Firm ("Proprietary Accounts"). Investment by the Firm, 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.

## **Other Conflicts of Interest**

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we 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 Firm and/or affiliate client accounts are invested in different parts of an issuer's capital structure.

#### **L. 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 with your Firm. Clients should contact their Consultant if they have any questions about any proxies or other solicitations they receive. 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 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 Guideline 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 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 Voting Policy, 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 Member Firm 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 any 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.

#### **M. 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 a copy of the Account Paperwork that you completed when you opened your account with Lockwood. Among other things, this paperwork contains information about your financial condition, investment risk tolerance and investment time horizon. 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 a Portfolio Manager), in writing, over the phone or electronically. Portfolio Managers in the Program 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 investment management staff, 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 other 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**

### **Affiliated Broker-Dealers and Investment Advisers**

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 bank to issuers of ADRs, providing foreign exchange services in connection with dividends and other distributions of 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 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 in such transaction. As of the date of this Brochure, there were no affiliated Portfolio Managers in the Program.

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.

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. As of the date of this Brochure, there were no affiliated Portfolio Managers in the Program. 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)
- 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, Portfolio Managers, or Sub-Advisers to Lockwood. Affiliates of Lockwood may also have business arrangements with Consultants, entities, Portfolio Managers, or Sub-Advisers 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's affiliate, Pershing, provides clearing and custody services for the Managed Products accounts and all other accounts in the Program. Lockwood or Managed Accounts, on Lockwood's behalf, enters trade orders and sends such orders to Pershing unless Lockwood decides to trade away from Pershing. Pershing trades on an agency basis for the Managed Products and all other accounts in the Program. Pershing may receive payment for trade order flow. Lockwood may delegate certain administrative functions to Managed Accounts. Managed Accounts does not have discretion to trade other than upon instructions of Lockwood.

Certain mutual fund families whose funds are used in the Managed Products provide fees to Lockwood's affiliates, Pershing and Pershing Advisor Solutions. Lockwood does not receive any direct fees associated with an investment in such funds, however the receipt of such compensation by Lockwood's affiliates creates a conflict of interest because Lockwood has a financial incentive to select particular mutual funds or share classes that result in greater compensation to Pershing and Pershing Advisor Solutions. Lockwood addresses this conflict through a combination of disclosure to clients and through policies and procedures designed to prevent Lockwood from considering the fees received by affiliates when selecting a particular mutual fund or share class. One or more affiliates of Lockwood may be a service provider, such as a trustee or administrator to a mutual fund or ETF, used in the Managed Products, and 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.

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, Third Party Model Providers and Portfolio Managers that are made available as part of a Managed Account Advisor investment option or within another Lockwood managed account program. 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 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”), BNY Mellon Investment Servicing (US) Inc. (“BNYMIS”) and BNY Mellon Investment Servicing Trust Company (“BNYMTC”) (formerly, PFPC Trust Company), each, a BNY Mellon Company. 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 the Managed Products, 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 mutual 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 program 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 (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 the 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 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 Managed Products. 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.

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

Certain Portfolio Managers or third party model providers (and their affiliates) available in Lockwood’s wrap fee programs and other non-advisory platforms may serve 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	WisdomTree
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, certain co-sponsored programs, Managed Account Command 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 and third party model providers, it appears that a potential conflict of interest may exist in Lockwood's objective ability to provide clients with disinterested advice could be placed above the interests of its clients. Lockwood manages this potential conflict of interest by applying the same selection criteria to Portfolio Managers, third party model providers, Sub-advisers, ETFs 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 Investment Advisers Act of 1940 (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 & Records  
 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  
 Political Contributions by Investment  
 Advisors

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 under 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 Client 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
- 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 the members of the employee's household. Employees who have direct contact with certain 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 may impose penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy. Employees must file transaction reports with Compliance at least quarterly. Compliance personnel review employee transaction reports.

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 and Rebalancing**

Where Lockwood is the Portfolio Manager, Lockwood employs a number of reports to monitor an account's holdings with respect to the Managed Products. Periodically, Lockwood personnel employ a variety of reports to review accounts for such items as cash level, style drift and investment performance. As a result of these reviews, Lockwood, in its sole discretion, may rebalance your account in such instances as it believes are in your best interests. Your Consultant and your Sponsor are 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.

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**

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.

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.

Accounts are custodied at Pershing, an affiliate of Lockwood. In addition to custodial brokerage statements provided by the custodian, Lockwood makes regular investment performance and evaluation reports available to your Consultant, so you can measure your progress toward your financial goals.

## **K. Custody**

Lockwood's affiliate, Pershing, serves as the custodian of your account and is identified in your brokerage agreement. . Pershing is located at One Pershing Plaza, Jersey City, New Jersey 07399. Lockwood is deemed to have custody of your funds held within the Program for purposes of the Custody Rule due to its affiliation with Pershing. Because Lockwood is affiliated with Pershing, Lockwood engaged an independent public accountant to perform a surprise examination of

Lockwood pursuant to Rule 206(4)-2 under the Advisers Act. The most recent independent public accountant's report dated June 28, 2019, is filed with the SEC and is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (Click on the link for "Investment Adviser Search", select "Firm", type in "Lockwood Advisors", select "Lockwood Advisors" and then select "Accountant Surprise Examination Report.")

#### **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)-3 of the Advisers Act.

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

Lockwood acts as sponsor and/or Portfolio Manager in programs that may be similar to the program described in this Brochure and priced differently. Lockwood acts as Portfolio Manager in programs where Lockwood acts as 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 Program described in this Brochure, for accounts with the same or similar investment objectives, similar risk structure and similar size. For the program 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 investment 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 and affiliates, 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. One such platform is known as Managed Account Command. Lockwood may charge such third parties directly for these services. Portfolio Managers that are affiliated with Lockwood ("Affiliated Managers") may be available in the Managed Account Command Platform.

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.

**R. BNY Mellon Incentive Compensation Plan**

BNY Mellon has adopted an incentive compensation program (“IC Program”), which seeks to financially reward eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These rewards may be paid to Lockwood and its employees for referring business (services or products) to its affiliates, and Lockwood’s affiliates and their employees may receive rewards for referring business to Lockwood. The rewards may be based on the number of referrals made. These rewards may create conflicts of interest for Lockwood and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals.

To the extent that Lockwood participates in the IC Program, it will do so in a manner that complies with all applicable law and Rule 206(4)-3 under the Advisers Act, if applicable.

\* \* \*

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

### SCHEDULE OF LOCKWOOD MAA COVERED MANAGERS

The first section of this list includes Covered Managers, meaning that Lockwood conducts on-going screening and analysis on these Portfolio Managers.

*Tax Transition Investment Styles.* Certain Portfolio Managers for particular investment styles may allow you to maintain securities in your account that are not part of the Portfolio Manager's model portfolio ("Non-Style Assets") and will sell Non-Style Assets in a manner seeking to minimize any adverse tax impact to you. This is referred to as managing on a "Tax Transition" basis. Due to the holding of Non-Style Assets, the investment performance of your account may differ significantly from the investment performance of other accounts managed by the Portfolio Manager in accordance with the investment style. When Lockwood performs its review of any investment style, it will be based on a review of the standard portfolio holdings and not the Tax Transition version. The investment styles available on a Tax Transition basis are noted in the list of Covered Managers.

*State Preferred Investment Styles.* Certain Portfolio Managers that manage national municipal bond investment styles may offer to customize your portfolio on a state-specific basis, for certain states, where such customization may be beneficial. This is referred to as managing on a "State Preferred" basis. Because your account will hold a higher percentage of state specific holdings than the national portfolio would hold, the investment performance of your account may differ significantly from the investment performance of other accounts managed by the Portfolio Manager in the national style. When Lockwood performs its review of the Portfolio Manager's municipal bond style, it will be based on a review of the national version and not a State Preferred version. Having a significant percentage of your assets invested in the securities of fewer issuers, particularly obligations of government issuers of a single state, could result in greater credit risk exposure to a smaller number of issuers due to economic, regulatory or political problems in that state. The investment styles available on a State Preferred basis are noted in the list of Covered Managers. You should contact your Consultant to learn more about the availability of specific states on a preferred basis and the minimum required investment, which may differ from the minimum investment for the national version of the style.

**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.**

<b>MAA Covered Portfolio Managers and Styles as of December 31, 2019</b>	<b>Fee Schedule in Basis Points</b>	<b>Minimum</b>
AllianceBernstein L.P. Tax Aware Fixed Income † <sup>4</sup>	33	\$ 250,000
Atlanta Capital Management Company Small Cap Value (Hard Close-Trans Only) † <sup>1</sup>	55	\$ 100,000
BlackRock Investment Management LLC Intermediate Term Taxable Fixed Income SMA † <sup>2</sup>	25	\$ 250,000
BlackRock Investment Management LLC Long Term Municipal Bond † <sup>4</sup>	29	\$ 250,000
Boyd Watterson Asset Management, LLC Ultra Enhanced Core ETF	30	\$ 100,000
Boyd Watterson Asset Management, LLC Ultra Enhanced Core SMA	30	\$ 500,000
Brandes Investment Partners, L.P. Emerging Markets Opportunities Equity † <sup>1</sup>	50	\$ 100,000
Brandes Investment Partners, L.P. European Equity † <sup>1</sup>	50	\$ 100,000
Brandes Investment Partners, L.P. Global Balanced † <sup>2</sup>	40-50	\$ 100,000
Brandes Investment Partners, L.P. Global Equity † <sup>2</sup>	40-50	\$ 100,000
Brandes Investment Partners, L.P. Global Small Mid Cap Equity † <sup>2</sup>	50	\$ 100,000
Brandes Investment Partners, L.P. Int'l Equity † <sup>2</sup>	40-50	\$ 100,000
Brandes Investment Partners, L.P. U.S. All Cap Value Equity	40-50	\$ 100,000
Breckinridge Capital Advisors, Inc. Intermediate Tax-Exempt Municipal National** † <sup>5</sup>	20-25	\$ 500,000
Breckinridge Capital Advisors, Inc. Intermediate Tax-Exempt Municipal State Preferred † <sup>5</sup>	20-25	\$ 500,000
Chartwell Investment Partners LLC Mid Cap Value † <sup>5</sup>	50	\$ 100,000
Chartwell Investment Partners LLC Small Cap Value † <sup>5</sup>	50	\$ 100,000
Dana Investment Advisors Dana Large Cap Blend † <sup>5</sup>	50	\$ 100,000
Dana Investment Advisors Dana Socially Responsible † <sup>5</sup>	50	\$ 100,000
Dana Investment Advisors Dana Small Cap Equity † <sup>5</sup>	50	\$ 100,000
Davis Selected Advisers, L.P. Large Cap Value	30-45	\$ 100,000
Delaware Investments Large Cap Growth	50	\$ 100,000
Delaware Investments Large Cap Value † <sup>1</sup>	50	\$ 100,000
Eagle Asset Management Large Cap Core	50	\$ 100,000
Eagle Asset Management† Select Balanced Large Cap Core † <sup>1</sup>	50	\$ 100,000
Eagle Asset Management Small Cap Growth (Transfer Only)	50	\$ 100,000
Eagle Asset Management Mid-Cap Growth	50	\$ 100,000
Eaton Vance Management Large Cap Value † <sup>5</sup>	45-50	\$ 100,000
Federated Investment Counseling Strategic Value Dividend † <sup>1</sup>	50	\$ 100,000
Fred Alger Management, Inc. Capital Appreciation	40-50	\$ 100,000
Granite Investment Partners Small Core Plus Equity	50	\$ 100,000
Great Lakes Advisors, LLC All Cap Core Tax Transition	45-55	\$ 100,000

<b>MAA Covered Portfolio Managers and Styles as of December 31, 2019</b>	<b>Fee Schedule in Basis Points</b>	<b>Minimum</b>
Great Lakes Advisors, LLC Great Lakes Disciplined All Cap	40-50	\$ 75,000
Great Lakes Advisors, LLC Great Lakes Disciplined Large Cap	40-50	\$ 75,000
Great Lakes Advisors, LLC Great Lakes Disciplined SMID Cap	45-55	\$ 100,000
Great Lakes Advisors, LLC Great Lakes Disciplined Tax Managed All Cap	45-55	\$ 100,000
Great Lakes Advisors, LLC Great Lakes Disciplined Tax Managed Large Cap	45-55	\$ 100,000
Great Lakes Advisors, LLC Tax Transition Large Cap Core	45-55	\$ 100,000
GW&K Investment Management, LLC Municipal Bond † <sup>5</sup>	30	\$ 250,000
Invesco Advisers, Inc. Invesco International ADR Growth † <sup>2</sup>	50	\$ 100,000
Invesco Advisers, Inc. Invesco Real Estate Securities † <sup>3</sup>	50	\$ 50,000
Investment Management of Virginia Small Capitalization Portfolio	55	\$ 100,000
J.P. Morgan Asset Management Large Cap Core † <sup>5</sup>	40-50	\$ 100,000
J.P. Morgan Asset Management Tax Aware Large Cap Core* † <sup>5</sup>	40-50	\$ 100,000
J.P. Morgan Asset Management Tax Transition Large Cap Core † <sup>5</sup>	40-50	\$ 150,000
Jennison Associates JMA Large Cap Growth Equity	50	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt. Small Cap Quality Value † <sup>1</sup>	50	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt. Small/Mid Cap Core	50	\$ 100,000
Lazard Asset Management European Value † <sup>2</sup>	50	\$ 100,000
Lazard Asset Management Global Equity Select ADR † <sup>1</sup>	50	\$ 100,000
Lazard Asset Management International Equity Select ADR † <sup>1</sup>	50	\$ 100,000
Legg Mason Private Portfolio Group, LLC ClearBridge Global Value ADR Portfolios † <sup>2</sup>	50	\$ 100,000
Legg Mason Private Portfolio Group, LLC ClearBridge International Value ADR Portfolios † <sup>1</sup>	50	\$ 100,000
Legg Mason Private Portfolio Group, LLC Western Asset Gov/Corp Portfolios † <sup>4</sup>	30	\$ 100,000
Legg Mason Private Portfolio Group, LLC ClearBridge International Growth ADR ESG Portfolio † <sup>2</sup>	50	\$ 100,000
Logan Capital Management, Inc. Large Cap Growth	50	\$ 100,000
Loomis, Sayles & Company, LP Medium Term Muni Bond (10 Year) † <sup>5</sup>	20-25	\$ 100,000
Loomis, Sayles & Company, LP Municipal Bonds – National** † <sup>5</sup>	20-25	\$ 100,000
Loomis, Sayles & Company, LP Municipal Bonds - State Specific † <sup>5</sup>	20-25	\$ 250,000
Mackay Shields LLC Convertible Securities † <sup>3</sup>	51	\$ 100,000
Madison Investment Advisors, LLC Government Bond † <sup>4</sup>	28	\$ 100,000
Madison Investment Advisors, LLC Taxable Fixed Income - A or Better † <sup>4</sup>	28	\$ 100,000
Natixis Advisors, L.P./AEW Diversified REIT Strategy	50	\$ 50,000
Natixis Advisors, L.P./Loomis Intermediate Term Bond Strategy † <sup>2</sup>	35	\$ 100,000
Natixis Advisors, L.P./Vaughan Nelson Small Cap Value (Transfer Only)	50-60	\$ 100,000
Nuveen Asset Management, LLC Municipal Bonds – National**	30	\$ 250,000
Nuveen Asset Management, LLC Municipal Bonds - State Preference	30	\$ 250,000
Nuveen Asset Management, LLC Municipal Bonds - State Specific	30	\$ 250,000



<b>MAA Covered Portfolio Managers and Styles as of December 31, 2019</b>	<b>Fee Schedule in Basis Points</b>	<b>Minimum</b>
Pacific Income Advisers Market Duration SMA † <sup>3</sup>	25-35	\$ 100,000
Parametric Portfolio Associates Eaton Vance/Parametric Tax Managed Large Cap Value	50	\$ 250,000
Parametric Portfolio Associates Parametric Custom Core – Russell 3000	31-40	\$ 250,000
Parametric Portfolio Associates Parametric Custom Core – S&P500	31-40	\$ 250,000
Reaves Asset Management Long Term Value (Utility/Energy Infrastructure) † <sup>1</sup>	56	\$ 100,000
Riverbridge Partners, LLC Small Cap Growth (Transfer Only)	45-60	\$ 100,000
Riverbridge Partners, LLC SMID Cap Growth (Transfer Only)	50	\$ 100,000
RNC Genter Capital Management, LLC Dividend Income	50	\$ 100,000
Santa Barbara Asset Management, LLC Dividend Growth	50	\$ 100,000
Schafer Cullen Capital Management High Dividend Equity ^	50	\$ 100,000
Schafer Cullen Capital Management Global High Dividend ADR ^	50	\$ 100,000
Schafer Cullen Capital Management International High Dividend ADR ^	50	\$ 100,000
Segall Bryant & Hamill LLC Small Cap Value Dividend	50	\$ 100,000
Thompson, Siegel & Walmsley LLC Mid Cap Value	60	\$ 100,000
William Blair Investment Management, LLC International Equity † <sup>5</sup>	50	\$ 100,000
William Blair Investment Management, LLC Large Cap Growth † <sup>5</sup>	50	\$ 100,000

\* This investment style is also available on a Tax Transition basis with the same fee and the same minimum.

\*\* This investment style is also available on a State Preferred basis for certain states. You should consult your Consultant to learn more about the State Preferred investment styles, including the minimum investments associated with them, which could be different from the minimum investments listed in this Exhibit A.

† Lockwood is aware that this Portfolio Manager trades away from Pershing for certain investment styles. Additional Portfolio Managers in the Program may trade away presently or in the future. The information regarding Portfolio Manager trade aways is based upon data that Lockwood collects from its affiliate, Pershing, as well as data sourced directly from the Portfolio Managers. Although Lockwood attempts to verify the information through each Portfolio Manager, Lockwood makes no representations regarding the accuracy of the information presented. Information regarding Portfolio Managers that trade away is historic information and there is no guarantee that a Portfolio Manager will follow the same practice in the future. As discussed in Item 6.H.5, there may be additional fees associated with a Portfolio Manager's trades away from Pershing, which fees typically may be anywhere from \$.00 to \$.05 per share for equity securities. Trade away fees involving ADRs vary and in some cases, Lockwood observes higher fees than the range indicated for equity transactions, while some Portfolio Managers may credit back certain costs and fees for ADR transactions. Those Portfolio Managers who trade fixed income securities away from Pershing also incur additional fees per bond or on a per transaction basis. These costs are embedded in the net price you receive and not separately disclosed by the executing broker in your confirmation or statement. 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 certain circumstances, Portfolio Managers provide cost information in terms of basis points (bps). Portfolio Managers who disclose additional fees or costs in terms of basis points, may charge up to 100 bps per trade, however future charges could be more or less as such decisions are made at the discretion of the Portfolio Manager.

- <sup>1</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 0%-25% of their block trading activity during the year-to-date period ended December 31, 2019.
- <sup>2</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 26%-50% of their block trading activity during the year-to-date period ended December 31, 2019.
- <sup>3</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 51%-75% of their block trading activity during the year-to-date period ended December 31, 2019.
- <sup>4</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 76%-100% of their block trading activity during the year-to-date period ended December 31, 2019.
- <sup>5</sup> Based on Lockwood's review, this Portfolio Manager has indicated they have or will, trade away from Pershing for certain investment styles. However, Lockwood cannot verify the percentage of their total block trades sent away from Pershing, based on current data collected from the Manager.

Additional information related to the Portfolio Manager's frequency of trade aways and their potential costs can be found in Exhibit D, as well as on the Lockwood website, at [www.lockwoodadvisors.com](http://www.lockwoodadvisors.com).

- <sup>^</sup> Schafer Cullen has a trade rotation 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.

## EXHIBIT B

### Schedule of Lockwood MAA Non-Covered Managers

The second section of this list includes Non-Covered Managers, meaning that Lockwood does not conduct screening and analysis on these Portfolio Managers.

Contracted (Non-Covered) MAA Plus Portfolio Managers and Styles as of December 31, 2019	Fee Schedule in Basis Points	Minimum
Advisors Capital Management. LLC Global Dividend	50	\$100,000
Advisors Capital Management. LLC U.S. Dividend	50	\$100,000
Advisors Capital Management. LLC U.S. Small/Mid Cap	50	\$100,000
AllianceBernstein L.P. Strategic Research	40	\$100,000
AllianceBernstein L.P. Strategic Research Balanced	40	\$100,000
Boyd Watterson Asset Management, LLC Investment Grade Intermediate SMA	35	\$250,000
Boyd Watterson Asset Management, LLC Limited Duration 1-3	25	\$250,000
Breckinridge Capital Advisors, Inc. Intermediate Sustainable Government Credit Strategy † <sup>5</sup>	25	\$300,000
Chartwell Investment Partners, LLC Small Mid-Cap Value SMA † <sup>5</sup>	50	\$100,000
Eagle Asset Management SMID Cap Strategy	50	\$100,000
Fayez Sarofim & Co. Large Cap Growth At Reasonable Rate	40-50	\$100,000
First Trust Advisors, LP First Trust Advisors Value Line Rising Div	41-56	\$100,000
First Trust Advisors, LP FTA/Morningstar Multi-Discipline 60/40	46-61	\$100,000
First Trust Advisors, LP FTA/Morningstar Multi-Discipline 75/25	46-61	\$100,000
First Trust Advisors, LP FTA/Morningstar Multi-Discipline 90/10	46-61	\$100,000
First Trust Advisors, LP FTA/Morningstar Multi-Discipline All Equity	46-61	\$100,000
First Trust Advisors, LP Value Line Strategic Growth	41-56	\$100,000
Granite Investment Partners, LLC Large Cap Equity	50	\$100,000
Granite Investment Partners, LLC Small Growth Equity	50	\$100,000
GW&K Investment Management, LLC Short Term Municipal Bond Strategy † <sup>5</sup>	30	\$1,000,000
GW&K Investment Management, LLC Municipal Enhanced Yield Strategy † <sup>5</sup>	35	\$250,000
Kayne Anderson Rudnick Inv. Mgmt. Mid Cap Core	50	\$100,000
Logan Capital Management, Inc. Dividend Performers	45	\$100,000
Logan Capital Management, Inc. Dividend Performers Balanced	45	\$200,000
Lord, Abbett & Co., LLC Municipal Fixed Income † <sup>4</sup>	30	\$250,000
Madison Investment Advisors, LLC Large Cap Equity	50	\$100,000
Navellier & Associates All Cap Core	50	\$100,000
Navellier & Associates Large Cap Growth	50	\$100,000
Navellier & Associates Mid Cap Growth	50	\$100,000
Navellier & Associates Power Dividend	50	\$100,000
Navellier & Associates International Select	50	\$100,000

Contracted (Non-Covered) MAA Plus Portfolio Managers and Styles as of December 31, 2019	Fee Schedule in Basis Points	Minimum
Navellier & Associates International Growth	50	\$100,000
Navellier & Associates Small-Mid Cap Growth	50	\$100,000
Nuveen Asset Management, LLC Limited Maturity Bond	30	\$250,000
Nuveen Asset Management, LLC Limited Maturity Bond – State Preferred	30	\$250,000
Nuveen Asset Management, LLC Limited Maturity Bond – State Specific	30	\$250,000
Nuveen Asset Management, LLC Long Term Municipal Bond	30	\$250,000
Nuveen Asset Management, LLC Long Term Municipal Bond – State Preferred	30	\$250,000
Nuveen Asset Management, LLC Long Term Municipal Bond – State Specific	30	\$250,000
Shelton Capital Management International Equity	50	\$100,000

† Lockwood is aware that this Portfolio Manager trades away from Pershing for certain investment styles. Additional Portfolio Managers in the Program may trade away presently or in the future. The information regarding Portfolio Manager trade aways is based upon data that Lockwood collects from its affiliate, Pershing, as well as data sourced directly from the Portfolio Managers. Although Lockwood attempts to verify the information through each Portfolio Manager, Lockwood makes no representations regarding the accuracy of the information presented. Information regarding Portfolio Managers that trade away is historic information and there is no guarantee that a Portfolio Manager will follow the same practice in the future. As discussed in Item 6.H.5, there may be additional fees associated with a Portfolio Manager's trades away from Pershing, which fees typically may be anywhere from \$.00 to \$.05 per share for equity securities. Trade away fees involving ADRs vary and in some cases, Lockwood observes higher fees than the range indicated for equity transactions, while some Portfolio Managers may credit back certain costs and fees for ADR transactions. Those Portfolio Managers who trade fixed income securities away from Pershing also incur additional fees per bond or on a per transaction basis. 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, as in certain circumstances Portfolio Managers provide cost information in terms of basis points (bps). Portfolio Managers who disclose additional fees or costs in terms of basis points, may charge up to 100 bps per trade, however future charges could be more or less as such decisions are made at the discretion of the Portfolio Manager.

<sup>1</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 0%-25% of their block trading activity during the year-to-date period ended December 31, 2019.

<sup>2</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 26%-50% of their block trading activity during the year-to-date period ended December 31, 2019.

<sup>3</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 51%-75% of their block trading activity during the year-to-date period ended December 31, 2019.

- <sup>4</sup> Based on Lockwood's review, this Portfolio Manager traded away from Pershing for certain investment styles with respect to 76%-100% of their block trading activity during the year-to-date period ended December 31, 2019.
- <sup>5</sup> Based on Lockwood's review, this Portfolio Manager has indicated they have or will, trade away from Pershing for certain investment styles. However, Lockwood cannot verify the percentage of their total block trades sent away from Pershing, based on current data collected from the Manager.

Additional information related to the Portfolio Manager's frequency of trade aways and their potential costs can be found in Exhibit D, as well as on the Lockwood website, at [www.lockwoodadvisors.com](http://www.lockwoodadvisors.com).

## **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 related 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*

There is a risk that a mutual fund will not achieve its investment objective or execute its investment strategies effectively, or that large purchase or redemption activity by shareholders of such mutual fund might negatively affect the value of the mutual fund's shares. Clients will pay their pro rata portion of the fees and expenses of any mutual fund in which they invest. 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, will receive fees from the mutual funds 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 associates 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?**

Pershing LLC is an affiliate of Lockwood and is an SEC registered broker-dealer that provides clearing and custody services for the Lockwood programs. When a Portfolio Manager decides to place trade orders with another broker-dealer firm other than Pershing, 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 \$.00 - .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.

Please refer to Exhibit A and Exhibit B to review additional information regarding portfolio managers participating in Lockwood’s sponsored programs that have engaged in trade aways.



## **Lockwood Portfolio Managers**

### **Trade Away Details**

**(BEGINS ON NEXT PAGE)**

**All the data contained in Exhibit D has been directly supplied by the Portfolio Managers.**

**More detailed information can be found at <https://www.lockwoodadvisors.com>**

Manager Name and Style	2017		2018		Q1 through Q3 - 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost

#### Advisors Asset Management

Core Plus Portfolio	26% - 50%	\$0	51% - 75%	\$0	76% - 100%	\$0
Conservative Taxable	N/A	N/A	76% - 100%	\$0	76% - 100%	\$0
Core Tax Exempt Portfolio	N/A	N/A	76% - 100%	\$0	76% - 100%	\$0

#### AllianceBernstein L.P.

AB Strategic Research Balanced	0	0	0	0	0	0
AB Strategic Research	0	0	0	0	0	0
AB Tax Aware Fixed Income	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0
AB Municipal High Quality SMA	N/A	N/A	51% - 75%	\$0	76% - 100%	\$0

#### Allianz Global Investors U.S. LLC

NFJ All Cap Value	0	0	N/A	N/A	0	0
NFJ Dividend Value Equity	0	0	0	0	0	0
NFJ Large Cap Value	0	0	N/A	N/A	0	0
NFJ Small Cap Value Managed Account (Transfers Only)	0 - 25%	\$0	0 - 25%	\$0	0	0

#### Atlanta Capital Management Company

Calvert/Atlanta High Quality Socially Responsible	0	0	0 - 25%	\$0	0	0
High Quality Growth Plus	0	0	0	0	0	0
High Quality Small Cap (Hard Close-Trans Only)	0 - 25%	\$0	0	0	0 - 25%	\$0

#### BlackRock Investment Management, LLC

Capital Appreciation SMA	0	0	0	0	0	0
Equity Dividend	0	0	0	0	0	0
Large Cap Core	0	0	0	0	0	0
Intermediate Municipal Bond	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0
Long Term Municipal Bond	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0

#### Boyd Watterson Asset Management, LLC

Diversified Income Strategies	76% - 100%	\$0	76% - 100%	\$0 - \$160 - total fees	0	0
Investment Grade Core SMA	76% - 100%	\$0	76% - 100%	0	76% - 100%	\$0
High Quality Intermediate Municipal (State Specific)	76% - 100%	\$0	76% - 100%	\$0 - \$40 - total fees	0	0
High Quality Intermediate Municipal (National)	76% - 100%	\$0	76% - 100%	\$0 - \$340 - total fees	76% - 100%	\$0
Investment Grade Intermediate SMA	N/A	N/A	76% - 100%	\$0 - \$260 - total fees	0	0
Ultra Enhanced Core ETF	0 - 25%	\$0	0	0	0	0
Managed Income Solutions	N/A	N/A	0 - 25%	\$20 - \$60 - total fees	0	0

Manager Name and Style	2017		2018		Q1 through Q3 - 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost

#### Brandes Investment Partners, L.P.

Emerging Markets Opportunities Equity	0 - 25%	\$0 - \$.04/sh or 0 - 25 bps	0 - 25%	0 - 20 bps - avg.	0 - 25%	14 - 17 bps - avg.
Global Balanced	0 - 25%	\$0 - \$.04/sh or 0 - 25 bps	0 - 25%	0 - 15 bps - avg.	26% - 50%	15 - 24 bps - avg.
Global Equity	0 - 25%	\$0 - \$.04/sh or 0 - 25 bps	0 - 25%	0 - 15 bps - avg.	26% - 50%	13 - 16 bps - avg.
Global Small-Mid Cap Equity	26% - 50%	\$0 - \$.04/sh or 0 - 25 bps	26% - 50%	\$0 - \$.02/sh	26% - 50%	12 - 14 bps - avg.
Intl Equity	0 - 25%	\$0 - \$.04/sh or 0 - 25 bps	0 - 25%	\$0 - \$.02/sh	26% - 50%	12 - 15 bps - avg.
European Equity	26% - 50%	\$0 - \$.04/sh or 0 - 25 bps	51% - 75%	0 - 15 bps - avg.	0 - 25%	20 bps - avg.
U.S. Value Equity	0 - 25%	\$0 - \$.04/sh or 0 - 25 bps	0 - 25%	\$0 - \$.02/sh	0	0
Large Cap Value	0	0	0	0	0	0
Equity Income	0	0	0	0	0	0
Large Cap Growth	0	0	0	0	0	0

#### Dana Investment Advisors

Dana Social ESG Equity	0	0	0	0	0	0
Large Cap Value	0	0	0	0	0	0
Small Cap Equity	0	0	0	0	0	0
Taxable Fixed Income	76% - 100%	\$0	0	0	0	0

#### Delaware Investments

International Equity ADR	0 - 25%	\$0	0	0	0	0
Large Cap Growth	0 - 25%	\$0	0 - 25%	\$0 - \$.02/sh	0	0
Large Cap Value	0 - 25%	\$0	0 - 25%	\$0 - \$.02/sh	0 - 25%	\$0

#### Eagle Asset Management

Core Fixed Income	76% - 100%	\$0	76% - 100%	\$.03 - \$3.00 per bond	76% - 100%	\$.10 - \$10.00 per bond
Equity Income	0	0	0	0	0	0
Special Fixed Income	76% - 100%	\$0	76% - 100%	\$.03 - \$3.00 per bond	76% - 100%	\$.010 - \$10.00 per bond
High Quality Tax Free Bonds	76% - 100%	\$0	76% - 100%	\$.03 - \$3.00 per bond	76% - 100%	\$.10 - \$10.00 per bond
Select Balanced Large Cap Core	0 - 25%	\$0	0 - 25%	\$.03 - \$3.00 per bond	0 - 25%	\$.010 - \$10.00 per bond
All Cap Value	0	0	0	0	0	0
Mid Cap Growth	0	0	0	0	0	0
Small Cap Growth (Transfer Only)	0	0	0	0	0	0
Smaller Company Strategy	0	0	0	0	0	0
High Quality Taxable Bonds	76% - 100%	\$0	76% - 100%	\$.03 - \$3.00 per bond	76% - 100%	\$.010 - \$10.00 per bond

Strategic Income	0 - 25%	\$0	51% - 75%	\$ .03 - \$3.00 per bond	0	0
Manager Name and Style	2017		2018		Q1 through Q3 - 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost
<b>Franklin Separately Managed Accountsc.</b>						
Franklin Intermediate Municipal SMA	51% - 75%	\$0	76% - 100%	\$0	76% - 100%	\$0
<b>Invesco Advisers, Inc.</b>						
Invesco International Equity	26% - 50%	0.10% - 0.30% of notional	26% - 50%	\$.02/sh & \$0 - \$397-taxes	0 - 25%	\$0
Invesco Real Estate Securities	51% - 75%	0.10% - 0.30% of notional	26% - 50%	\$.02/sh & \$0 - \$397-taxes	0 - 25%	\$0
Invesco International ADR Growth (Closed to New Accounts)	N/A	N/A	0 - 25%	0 - 20 bps - avg.	0 - 25%	\$0
Invesco International Equity Core Markets Growth	N/A	N/A	0 - 25%	0 - 20 bps - avg.	0 - 25%	\$0 - \$1.94/sh
<b>Kayne Anderson Rudnick Inv. Mgmt.</b>						
Large Cap Value	0	0	0	0	0	0
Mid Cap Core	0	0	0 - 25%	\$0	0	0
Small Cap Core	26% - 50%	\$(.04)- \$.05/sh & 150 bps-taxes	0	0	26 - 50%	\$97 in total fees
Small Cap Sustainable Growth	0 - 25%	\$(.04)- \$.05/sh & 150 bps-taxes	0	0	0	0
Small Cap Quality Value	0 - 25%	\$(.04)- \$.05/sh & 150 bps-taxes	0	0	0 - 25%	\$2,600 - \$2,819 in total fees
Small/Mid Cap Core	0 - 25%	\$(.04)- \$.05/sh & 150 bps-taxes	0	0	0	0
<b>Lazard Asset Management</b>						
Global Balanced	0 - 25%	\$0.03 - \$.05/sh	0 - 25%	\$0 - \$5.76 in total fees	0 - 25%	\$0 - \$2.10 in total fees
Global Equity Select ADR	0 - 25%	\$0.03 - \$.05/sh	0 - 25%	\$0 - \$197.7 in total fees	0 - 25%	\$0 - \$345 in total fees
International Equity Select with Emerging Markets	0 - 25%	\$0.03 - \$.05/sh	0 - 25%	\$0 - \$484 in total fees	0 - 25%	\$0 - \$341 in total fees
International Equity Select ADR	0 - 25%	\$0.03 - \$.05/sh	0 - 25%	\$0 - \$3,718 in total fees	0 - 25%	\$0 - \$1,988 in total fees
European Value	51% - 75%	\$0.03 - \$.05/sh	0 - 25%	\$0 - \$2165 in total fees	0 - 25%	\$0 - \$3,041 in total fees
Large Cap Value	0 - 25%	\$0.03 - \$.05/sh	0 - 25%	0.03% of notional	0	0

Manager Name and Style	2017		2018		Q1 through Q3 - 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost

**Legg Mason Private Portfolio Group, LLC**

ClearBridge All Cap Growth Portfolios	76% - 100%	\$(.05) - \$.02/sh	76% - 100%	\$0 - \$.02/sh	0 - 25%	\$0 - \$.02/sh
ClearBridge All Cap Value Portfolios	0 - 25%	\$(.05) - \$.02/sh	0 - 25%	\$0 - \$.02/sh	76% - 100%	\$0 - \$.02/sh
Legg Mason Balanced Income Portfolios	0 - 25%	\$(.05) - \$.02/sh	0 - 25%	\$0 - \$.02/sh	76% - 100%	\$0 - \$.02/sh
ClearBridge Dividend Strategy	51% - 75%	\$(.05) - \$.02/sh	51% - 75%	\$0 - \$.02/sh	51% - 75%	\$0 - \$.02/sh
ClearBridge Global Value ADR Portfolios	N/A	N/A	N/A	N/A	26% - 50%	\$0 - \$.02/sh
ClearBridge International Growth ADR ESG Portfolios	N/A	N/A	N/A	N/A	26% - 50%	\$0 - \$.02/sh
ClearBridge International Value ADR Portfolios	N/A	N/A	N/A	N/A	0 - 25%	\$0 - \$.02/sh
ClearBridge Large Cap Growth Equity	N/A	N/A	N/A	N/A	0 - 25%	\$0 - \$.02/sh
Legg Mason All Cap Blend Portfolios (MDA0)	0 - 25%	\$(.05) - \$.02/sh	76% - 100%	\$0 - \$.02/sh	76% - 100%	\$0 - \$.02/sh
Legg Mason Global Multi-Cap Growth Portfolio (MDA4)	51% - 75%	\$(.05) - \$.02/sh	0 - 25%	\$0 - \$.02/sh	0 - 25%	\$0 - \$.02/sh
ClearBridge Small Cap Growth	0 - 25%	\$(.05) - \$.02/sh	51% - 75%	\$0 - \$.02/sh	76% - 100%	\$0 - \$.02/sh
Western Current Market Municipal (Natl)	76% - 100%	\$(.05) - \$.02/sh	0 - 25%	\$0 - \$.02/sh	76% - 100%	\$0 - \$.02/sh

**Lord, Abnett & Co., LLC**

Large Cap Value	0	0	0	0	0	0
Municipal Fixed Income	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0
Intermediate Municipals	N/A	N/A	76% - 100%	\$0	76% - 100%	\$0

**Madison Investment Advisors, LLC**

Madison/Hansberger International Growth ADR	0	0	N/A	N/A	N/A	N/A
Large Cap Equity	0	0	0	0	0	0
Corporate Bond	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0
Government Bond	76% - 100%	\$0	51% - 75%	\$0	76% - 100%	\$0
Taxable Fixed Income - A or Better	76% - 100%	\$0	76% - 100%	\$0	76% - 100%	\$0

**Natixis Advisors, L.P.**

AEW Diversified REIT Strategy	0	0	0	0	0	0
Vaughan Nelson Small Cap Value (Transfer Only)	0	0	0	0	0	0
Loomis Intermediate Term Bond Strategy	76% - 100%	\$0.35 - \$10 in total fees	76% - 100%	\$0 - \$39 in total fees	0 - 25%	\$0

Manager Name and Style	2017		2018		Q1 through Q3 – 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost
<b>Nuveen Asset Management, LLC</b>						
1-15 Year Municipal Ladder	0	0	0	0	0	0
Nuveen Municipal Total Return	0	0	0	0	0	0
Municipal Bonds - State Specific	0	0	0	0	0	0
Intermediate Municipal Bond	0	0	0	0	0	0
Municipal Bonds - State Preference	0	0	0	0	0	0
Limited Maturity Municipal Bond-State Preferred	0	0	0	0	0	0
Limited Maturity Municipal Bond-State Specific	0	0	0	0	0	0
Limited Maturity Municipal Bond	0	0	0	0	0	0
Preferred Securities	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
<b>NWQ Investment Mgt Co., LLC</b>						
NWQ Small/Mid-Cap Value	0	0	0	0	0	0
Balanced Large Cap Value	0	0	0	0	0	0
Large Cap Value	0 - 25%	\$0.02/sh & 100 bps - taxes	0	0	0	0
<b>NYLIM - Mackay Shields LLC</b>						
Convertibles All-Cap Core	76% - 100%	\$0.02 - \$4.05 - SEC fees	26% - 50%	\$0	76% - 100%	\$0
<b>Pacific Income Advisers</b>						
U.S. Fixed Income Total Return Gov/Corp Bonds	76% - 100%	\$.0004 per bond	76% - 100%	\$.001 per bond	51% - 75%	\$.001 per bond
Market Duration SMA	76% - 100%	\$.0004 per bond	76% - 100%	\$.001 per bond	76% - 100%	\$.001 per bond
Limited Duration SMA	76% - 100%	\$.0004 per bond	76% - 100%	\$.001 per bond	51% - 75%	\$.001 per bond
<b>Polen Capital Management, LLC</b>						
Polen Global Growth ADR	N/A	N/A	0	0	0	0
Polen International Growth	N/A	N/A	0	0	0	0
Polen Focus Growth	0 - 25%	\$0	0 - 25%	\$0	0	0
<b>Principal Global Investors, LLC</b>						
Spectrum Preferred SMA	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
<b>Riverfront Investment Group LLC</b>						
Dynamic Equity Income	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
ETF Dynamic Equity Income	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
ETF Global Allocation	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
ETF Global Growth	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
ETF Moderate Growth & Income	0 - 25%	\$0	0 - 25%	\$0	26% - 50%	\$0
Global Allocation	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
Global Growth	0 - 25%	\$0	0 - 25%	\$0	51% - 75%	\$0

Moderate Growth & Income	0 - 25%	\$0	0 - 25%	\$0	0 - 25%	\$0
Manager Name and Style	2017		2018		Q1 through Q3 - 2019	
	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost	Range (%) of Block Trades Traded Away	Cost
<b>Schafer Cullen Capital Management</b>						
Global High Dividend ADR	N/A	N/A	0	0	0	0
International High Dividend (ADR)	0 - 25%	4 - 5 bps	0	0	0	0
High Dividend Equity	0	0	0	0	0	0
<b>Templeton Separately Managed Accounts</b>						
Templeton Global Equity SMA	0 - 25%	\$.01 - \$.04/sh	0	0	0	0
<b>Thornburg Investment Management, Inc.</b>						
Thornburg International ADR Strategy	76% - 100%	\$.01 - \$.05/sh	76% - 100%	\$(.62) - \$.39/sh	0 - 25%	\$(.04) - \$.08/sh
Thornburg Domestic Equity Strategy	0 - 25%	\$.01 - \$.05/sh	26% - 50%	\$(.62) - \$.39/sh	26% - 50%	\$0.2 - \$0.08/sh
Intermediate Muni Wrap	0	0	0	0	0	0
Limited Term Muni Wrap	0	0	0	0	0	0
<b>William Blair Investment Management, LLC</b>						
International Equity	0 - 25%	\$(.05) - \$.05/sh	0	0	0	0
All Cap Growth	51% - 75%	\$0	0	0	0	0
Large Cap Growth	0 - 25%	\$0	0	0	0	0

Lockwood is aware that this Portfolio Manager trades away from Pershing for certain investment styles. Additional Portfolio Managers in the Program may trade away presently or in the future. The information regarding Portfolio Manager trade aways is based upon data that Lockwood collects from its affiliate, Pershing, as well as data sourced directly from the Portfolio Managers. Although Lockwood attempts to verify the information through each Portfolio Manager, Lockwood makes no representations regarding the accuracy of the information presented. Information regarding Portfolio Managers that trade away is historic information and there is no guarantee that a Portfolio Manager will follow the same practice in the future. As discussed in Item 6.H.5, there may be additional fees associated with a Portfolio Manager's trades away from Pershing, which fees typically may be anywhere from \$.00 to \$0.05 per share for equity securities. Trade away fees involving ADRs vary and in some cases, Lockwood observes higher fees than the range indicated for equity transactions, while some Portfolio Managers may credit back certain costs and fees for ADR transactions, as indicated by amounts in parentheses. Those Portfolio Managers who trade fixed income securities away from Pershing also incur additional fees per bond or on a per transaction basis. These costs are embedded in the net price you receive and not separately disclosed by the executing broker in your confirmation or statement. 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 certain circumstances, Portfolio Managers provide cost information in terms of basis points (bps). Portfolio Managers who disclose

additional fees or costs in terms of basis points, may charge up to 100 bps per trade, however future charges could be more or less as such decisions are made at the discretion of the Portfolio Manager.

Portfolio Managers with “N/A” reflects that a particular investment style was not available during the time period to report frequency or costs.

Portfolio Managers with “\$0” as their cost have indicated that, while at their discretion to send trades away from Pershing, the cost associated with doing so was zero.

Portfolio Managers with zero(s) “0” indicates that a Manager's activity for a given strategy and time period included no executions away from Pershing.

Based on Lockwood’s review, certain Portfolio Managers despite showing “0” in their frequency, have indicated they have, or will trade away from Pershing for certain investment styles. However, Lockwood cannot verify the percentage of their total block trades sent away from Pershing, based on current data collected from the Manager.



## **EXHIBIT E**

### **Lockwood Privacy Policy**

**(BEGINS ON 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 Advisors, Inc. Compliance at 1-800-200-3033, extension 8839		

Who is providing this notice?	Lockwood Advisors, Inc. (a subsidiary of The Bank of New York
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	Mellon Corporation)
<b>What we do</b>	
How does Lockwood Advisors, Inc. protect my personal information?	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>	
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.

**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  
Managed Account Advisor Program**

### **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	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 the Lockwood Investment Advisory Profile and Agreement and Terms and Conditions thereto (the “Client Agreement”) and Lockwood’s Managed Account Advisor ADV, Part 2A, Appendix 1, Wrap Fee Program Brochure (the “Lockwood Brochure”), which documents have been previously provided to you.</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 Accounts (“Managed Accounts”) division of Pershing, and compensates Managed Accounts 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 adviser.</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>

<p>Compensation Lockwood will receive from the Plan.</p>	<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 Accounts, 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>
<p>Compensation Lockwood will receive from other parties that are not related to Lockwood ("indirect" compensation).</p>	<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>
<p>Compensation Lockwood will receive if the Plan terminates the Client Agreement.</p>	<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>



## EXHIBIT G

### Compensation Paid to Pershing Advisor Solutions and Pershing by Third Parties

Pershing Advisor Solutions LLC (Pershing Advisor Solutions), as well as its affiliate, Pershing LLC (Pershing) earn additional compensation from certain third parties in connection with providing services to your firm. In addition, Pershing Advisor Solutions may earn additional compensation from certain third parties in connection with providing services to your investment advisor. Certain fees may be considered “indirect compensation” for purposes of the section 408(b) (2) regulation 29 C.F.R. § 2550.408b-2(c) (1) (IV) (C).

**Mutual Fund Fees.** Pershing has entered into agreements with certain mutual fund companies that pay Pershing for performing certain services for the mutual fund. Pursuant to these agreements, Pershing receives fees for operational services from mutual funds in the form of networking or omnibus processing fees. The reimbursements are remitted to Pershing for its work on behalf of the funds. This work may include, but is not limited to, subaccounting services, dividend calculation and posting, accounting, reconciliation, client confirmation and statement preparation and mailing and tax statement preparation and mailing. These reimbursements are based either on (a) a flat fee ranging from \$0 to \$20 per holding or (b) a percentage of assets that can range from 0 to 15 basis points for domestic funds and 0 to 30 basis points for offshore funds. Mutual funds that are available in Pershing’s FundVest® no-transaction fee mutual fund program may pay Pershing servicing fees in exchange for being offered in Pershing’s FundVest program. These payments are based on a percentage of assets and can range from 7 to 40 basis points. Participation by Pershing Advisor Solutions in this program is optional and Pershing Advisor Solutions may share in these fees. For additional details about Pershing’s mutual fund no-transaction-fee program, or a listing of funds that pay Pershing networking or omnibus fees, please refer to [www.pershing.com/mutual\\_fund.htm](http://www.pershing.com/mutual_fund.htm). The mutual funds listed on this website are listed in order from highest to lowest paying mutual funds based on gross payments made to Pershing. If Pershing Advisor Solutions shares in the fees described above, a portion of these fees may also be shared with certain turnkey asset management providers that provide operational and related services to Pershing Advisor Solutions, for both Employee Retirement Income Security Act (ERISA) and non-ERISA accounts administered within the providers’ programs.

**Money Fund and FDIC-Insured Bank Product Fees.** Pershing has entered into agreements with money market fund companies and FDIC-insured bank deposit products service providers. Pershing receives fees from money fund companies and service providers for making available money market funds and FDIC-insured bank deposit programs. A portion of Pershing’s fees is applied against costs associated with providing services on behalf of the fund companies and service providers, which may include maintaining cash sweep systems, sub-accounting services, dividend and interest calculation and posting, accounting, reconciliation, client statement preparation and mailing, tax statement preparation and mailing, marketing and distribution related support, and other services. These fees are paid in accordance with an asset-based formula that can range from 0 to 100 basis points annually. Pershing Advisor Solutions may share in these fees. For a listing of money funds and FDIC-insured bank products that pay Pershing these fees, please refer to

[www.pershing.com/money\\_fund.htm](http://www.pershing.com/money_fund.htm).

If Pershing Advisor Solutions shares in the fees described above, a portion of these fees may be shared with certain turnkey asset management providers that provide operational and related services to Pershing Advisor Solutions for both ERISA and non-ERISA accounts administered within the providers' programs.

**Annuity Fees.** Pershing has entered into arrangements with insurance companies through which Pershing may receive servicing fees from certain insurance companies that participate in Pershing's annuity program. These one-time fees typically amount to between \$10 and \$17 per annuity contract. In addition, Pershing receives operational reimbursement fees from certain insurance companies for the services it provides, which may include, but are not limited to, posting, accounting reconciliation and client statement preparation and mailing. These fees typically amount to \$6 per year for annuity contracts. For a listing of the insurers that pay Pershing these fees, please refer to [www.pershing.com/annuity\\_fees.htm](http://www.pershing.com/annuity_fees.htm).

**Sponsorship Fees.** Mutual fund companies, annuity companies, exchange-traded fund (ETF) providers, money market providers and other investment solution providers offer marketing support in the form of sponsorship fee payments to Pershing and Pershing Advisor Solutions (or third parties at Pershing's direction) in connection with educational conferences, events, seminars and workshops for independent registered investment advisors and advisors in transition. These payments may be for the expenses of educational materials or other event-related expenses. Generally, the smallest level of sponsorship is \$5,000, and the level of sponsorship can increase depending on the opportunity. For a list of companies that pay sponsorship fees to Pershing Advisor Solutions for events, please refer to [http://www.pershingadvisorsolutions.com/sponsorship\\_fees.html](http://www.pershingadvisorsolutions.com/sponsorship_fees.html).

**Alternative Investment Network Fees.** Pershing may receive servicing fees from managed futures funds, hedge funds and fund-of-funds (collectively "alternative investments") that participate in Pershing's Alternative Investment Network no-fee program in lieu of transaction fees and special product fee charges to Pershing Advisor Solutions. These fees are calculated in accordance with an asset-based formula that can range from 10 to 50 basis points annually.

Pershing also receives set-up fees from alternative investment providers or broker-dealers in the form of a one-time fee to add an alternative investment to the Alternative Investment Network. The fee is a flat fee ranging from \$100 to \$300 per fund and is remitted to Pershing for its work to set up the alternative investment on Pershing's systems.

For additional details regarding Pershing's Alternative Investment Network no-fee program or a listing of entities that pay fees to Pershing, please refer to [www.pershing.com/alternative\\_investment\\_network\\_fees.html](http://www.pershing.com/alternative_investment_network_fees.html).

**Payments for Order Flow.** Pershing may receive compensation in connection with routing orders to the marketplace for execution, subject to its obligations to seek best execution. Such compensation may be received from unaffiliated broker-dealers or from securities exchanges. In all cases, Pershing seeks best execution in routing orders. For a description of the compensation earned by Pershing in connection with routing orders, and Pershing's procedures in routing orders, please refer to Pershing's disclosure at [www.orderroutingdisclosure.com/orderrouting/HOME](http://www.orderroutingdisclosure.com/orderrouting/HOME).

**Float Disclosure.** Pershing may obtain a financial benefit attributable to cash balances of ERISA plan accounts that are held by Pershing in connection with cash awaiting investment or cash pending

distribution. For a more detailed description of this compensation, refer to [www.pershing.com/business\\_continuity.htm#float\\_disclosure](http://www.pershing.com/business_continuity.htm#float_disclosure)