

VALIC Financial Advisors, Inc.

WRAP FEE PROGRAM BROCHURE

Part 2A Appendix 1 of Form ADV

VFA Managed Investment Program

2929 Allen Parkway, L7-20, Houston, TX 77019

Telephone: (866)-544-4968

March 30, 2020

This wrap fee program brochure provides information about the qualifications and business practices of VALIC Financial Advisors, Inc. ("VFA"). If you have any questions about the contents of this brochure, please contact us at telephone number 866-544-4968. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

VFA is a registered investment advisor. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about VFA also is available on the SEC's website at www.adviserinfo.sec.gov.

Our brochure may be requested by contacting VFA at 866-544-4968 or it is also available free of charge on website at www.valic.com.

Item 2 — Material Changes

The following material changes have been made to VALIC Financial Advisors, Inc.'s ("VFA" or the "Firm") Wrap Fee Program Brochure ("Wrap Brochure"), which describes the Managed Investment Program ("MIP"), since its last annual update on March 31, 2019:

- The Firm updated Item 9 to include disclosure regarding sponsorship activities undertaken by VALIC, and associated conflicts of interest.
- The Firm updated Item 9 to note that the percentage of fees that the Firm pays to your IAR from the MIP Program is calculated on a rolling 52-week period, and not on an annual calendar basis. This change was designed to mitigate any incentive towards year-end for an IAR to recommend products that might not be in the client's best interest.

You may obtain copies of this Wrap Brochure and VFA's Firm Brochure by calling 866-544-4968 or accessing our website at <https://www.valic.com/prospectus-and-reports/vfa-form-adv-materials>.

Item 3 - Table of Contents

| | |
|---|----|
| Item 1 – Cover Page..... | 1 |
| Item 2 – Material Changes | 2 |
| Item 3 – Table of Contents..... | 2 |
| Item 4 - Services, Fees and Compensation | 3 |
| The Firm..... | 3 |
| The Managed Investment Program | 3 |
| How Your Program is Designed | 6 |
| Account Management | 7 |
| Program Fee and Other Charges | 7 |
| Is A MIP Account for You? | 11 |
| Termination of the Advisory Relationship | 11 |
| Item 5 - Account Requirements and Types of Clients..... | 11 |
| Item 6 - Portfolio Manager Selection and Evaluation | 12 |
| Item 7 - Client Information Provided to Portfolio Managers..... | 12 |
| Item 8 - Client Contact with Portfolio Managers | 12 |
| Item 9 - Additional Information..... | 12 |
| Disciplinary Information..... | 12 |
| Other Financial Industry Activities and Affiliations..... | 12 |
| Code of Ethics, Participation in Client Transactions and Personal Trading | 13 |
| Review of Accounts..... | 14 |
| Written Reports | 14 |
| Client Referrals and Other Compensation | 14 |
| Sponsorship Activities of VALIC | 15 |
| Financial Information..... | 15 |

Item 4 - Services, Fees and Compensation

The Firm

VALIC Financial Advisors, Inc. ("VFA" or the "Firm") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. As an investment adviser, VFA provides to its clients the investment advisory products and services described in this Wrap Brochure, and certain other advisory programs described in other Firm brochures. The Firm offers its investment advisory services through its investment adviser representatives ("IARs") located throughout the United States. The Firm is also registered with the SEC as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority, Inc. ("FINRA"). As a broker-dealer, the Firm separately makes available securities such as stocks and bonds, mutual funds, exchange-traded funds (ETFs), variable annuity and variable life insurance products, and municipal securities. Broker-dealer services are not covered by this Wrap Brochure, are not part of our advisory relationship with you, and are not subject to regulation under the Investment Advisers Act of 1940. All IARs are also engaged in the Firm's brokerage business and are registered with the Firm as registered representatives.

VFA was incorporated in Texas in 1996 and is headquartered in Houston, Texas with additional branches throughout the United States. VFA is a wholly owned subsidiary of The Variable Annuity Life Insurance Company ("VALIC"), an indirect wholly owned subsidiary of American International Group, Inc. ("AIG").

As of December 31, 2019, VFA managed \$21.1 billion on a discretionary basis.

This Wrap Brochure describes the services, fees and other necessary information you should consider prior to enrolling in the MIP program. The Firm also offers two other wrap fee programs: the Guided Portfolio Services ("GPS") Program and Guided Portfolio Advantage ("GPA") Program. You can obtain a wrap fee program brochure for these other two programs free of charge by contacting us at 866-544-4968. For a description of the other services offered by VFA, please refer to the Firm's Form ADV Part 2A Firm Brochure ("Firm Brochure").

Managed Investment Program

MIP is an asset management program offered by the Firm. The Firm has contracted with Envestnet Asset Management, Inc. ("Envestnet"), a provider of wealth management software and services (and which is not affiliated with the Firm), to provide the operational and system support for MIP.

The Firm has selected third party investment managers, or "Strategists," to provide services in MIP and that are responsible for the design and management of the MIP portfolio models described below. The Strategists include Envestnet Portfolio Solutions, Inc. ("Envestnet PMC"), Russell Investment Management, LLC ("Russell Investments") and CLS Investments, LLC ("CLS Investments"). Envestnet PMC is an indirect, wholly owned subsidiary of Envestnet.

VFA, Envestnet and the Strategists are jointly responsible for the ongoing management of your MIP account. In connection with this arrangement, your IAR will provide assistance in determining your asset allocation and the selection of your MIP portfolio option(s) (described below). Your asset allocation will be based upon your responses within an investor profile questionnaire (the "Client Profile Questionnaire"), which includes factors such as risk tolerance, goals, investments objectives and time horizon. Your portfolio will be assigned an asset allocation ranging from Very Conservative to Very Aggressive with several allocations in between.

After completing the Client Profile Questionnaire, your IAR will help you complete an additional questionnaire designed to determine your investment focus, which may include traditional asset allocation, cost sensitivity, and socially and environmentally responsible investing, among others. Note that, if your IAR recommends the Selected Managed Investor Account Portfolio, described below, you will not complete the second questionnaire. Based on your responses in the second questionnaire, your IAR will recommend one or more MIP portfolios that best meet your needs based on the information you have provided. Your IAR will present the plan for your review and approval. As your needs change or market conditions warrant, you have the flexibility to revisit your investor profile and complete a new Client Profile Questionnaire to determine whether you are appropriately invested.

The MIP program offers fifteen (15) different portfolios as further described below:

(1) Managed Investor Account Portfolio ("MIA Portfolio") – Initial minimum account balance is \$50,000. The MIA Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of actively-managed mutual funds. The portfolio management team selects the mutual funds, monitors investments and asset allocation in each account, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(2) Index Plus Managed Investor Account Portfolio (“Index Plus MIA Portfolio”) – Initial minimum account balance is \$50,000. The Index Plus MIA Portfolio is managed by an Envestnet PMC portfolio management team. While similar to the MIA Portfolio, this portfolio consists of a combination of actively-managed mutual funds and passively-managed index mutual funds that are substituted for actively-managed funds in certain asset classes. The portfolio management team selects the mutual funds, monitors investments and asset allocation in accounts, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(3) Managed Investor PMC Account ActivePassive® Portfolio (“MIA ActivePassive Portfolio”) – Initial minimum account balance is \$25,000. The MIA ActivePassive Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of actively-managed mutual funds primarily within the PMC Fund family and passively-managed mutual funds managed by unaffiliated third parties. The actively-managed funds are managed by Envestnet Asset Management, Inc. (“EAM”), an affiliate of Envestnet and Envestnet PMC. The portfolio management team selects the mutual funds, monitors investments and asset allocation in each account, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(4) Managed Investor Account AIG Funds Portfolio (“MIA AIG Funds Portfolio”) – Initial minimum account balance is \$10,000. The MIA AIG Funds Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of AIG mutual funds managed by SunAmerica Asset Management, LLC (“SAAMCo”), a registered investment adviser for AIG Funds and an affiliate of the Firm. The portfolio management team selects the mutual funds, monitors investments and asset allocation in each account, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(5) Managed Investor Account PMC Active Core Portfolio (“MIA American Funds Active Core Portfolio”) – Initial minimum account balance is \$10,000. The MIA American Funds Active Core Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of approximately 50% to 90% of the portfolio’s assets in American Funds mutual funds depending on the asset allocation within your account. The remainder of the portfolio is invested in mutual funds of other fund families. The portfolio management team selects the mutual funds, monitors investments and asset allocation in each account, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented, Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(6) Managed Investor Account PMC ActivePassive Portfolio (“MIA Franklin Templeton ActivePassive Portfolio”) – Initial minimum account balance is \$10,000. The MIA Franklin Templeton ActivePassive Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of approximately 40% to 70% of the portfolio’s assets in Franklin Templeton mutual funds depending on your asset allocation. The remainder of the portfolio is invested in mutual funds of other fund families. The portfolio management team selects the mutual funds, monitors investments and asset allocation in each account, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(7) Managed Investor Account Retirement Income Portfolio (“MIA Retirement Income Portfolio”) – Initial minimum account balance is \$50,000. The MIA Retirement Income Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of mutual funds and is designed to address the income needs of investors with a portfolio that is structured for yield in addition to total return, designed for clients in the distribution phase of the retirement life cycle. The portfolio management team will focus on income generating asset classes. They also monitor the investments and asset allocation in accounts, make mutual fund selection changes and rebalance the account as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(8) Integrated Managed Investor Account Portfolio (“Integrated MIA Portfolio”) – Initial minimum account balance is \$250,000. The Integrated MIA Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of a combination of mutual funds, ETFs and separately managed accounts within a single account. The Envestnet PMC investment manager acts as an overlay manager to efficiently monitor and implement custom investment solutions for the portfolio. Overlay manager activities include: managing cash flow activities, rebalancing the portfolio, accommodating portfolio restrictions, tax loss harvesting, managing wash sales, and monitoring short and long-term gains. The portfolio management team selects the investment options available for this portfolio, monitors investments and asset allocation in the account, makes mutual fund selection changes and rebalances each account as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Investment products include mutual funds, ETFs, and separate account managers. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. For accounts in the Integrated MIA Portfolio the portfolio management team at Envestnet PMC will monitor each model portfolio on an ongoing basis and make any changes or rebalance to the portfolio asset allocations and or investment selection. Envestnet PMC will monitor your account on an ongoing basis and will rebalance your account periodically. The firm relies on Envestnet to ensure the tools and analyses are operating properly and consistent with your investment profile. Envestnet may assess an annual minimum account fee of \$150 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

(9) Selected Manager Investor Account Portfolio (“Selected MIA Portfolio”) – Initial minimum account balance is \$250,000. The Selected MIA Portfolio offers management by institutional investment managers, called separate account managers, who will manage the MIP account. This portfolio allows advisory clients a higher level of specialization and service through ownership of individual securities. Based on your responses to the Client Profile Questionnaire, your IAR will recommend a separate account manager from a list of managers for which Envestnet PMC has conducted on-boarding due diligence and approved. Your IAR will present the plan to you for your review and approval. Envestnet PMC will provide ongoing manager oversight of the managers. Once you approve the plan it will be implemented; the separate account manager will manage your account for conformance to the plan and will rebalance your account periodically. For accounts in the Selected MIA Portfolio the separate account manager will manage your account on an ongoing basis and will rebalance your account periodically. The list of separate account managers available within the Selected MIA Portfolio is maintained and reviewed periodically by Envestnet PMC using a quantitative approval process as the primary form of due diligence. Envestnet PMC also implements a concurrent qualitative due diligence to provide deeper coverage on strategies. These two processes, when combined together, form the list of approved separate account managers available for this account by Envestnet PMC. More information on Envestnet PMC’s due diligence process is available in Envestnet Asset Management, Inc.’s Part 2A Brochure available at www.adviserinfo.sec.gov. More information about the Firm’s due diligence process is discussed elsewhere in this Brochure under Review of Accounts. Diversification, asset allocation and rebalancing strategies do not ensure a profit or guarantee against a loss. Envestnet may assess an annual minimum account fee of \$100 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

(10) Managed Investor Account California Residents Portfolio (“MIA California Residents Portfolio”) – Initial minimum account balance is \$50,000. The MIA California Residents Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of mutual funds and is designed for tax-sensitive California residents. The portfolio management team selects the mutual funds, monitors investments and asset allocation in accounts, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. There is no minimum account fee.

(11) Managed Investor Account Russell Portfolio (“MIA Russell Portfolio”) – Initial minimum account balance is \$25,000. The MIA Russell Portfolio is managed by a Russell Investments portfolio management team. The portfolio consists exclusively of mutual funds advised by Russell Investments. The portfolio management team selects the mutual funds, monitors investments and asset allocation in the models and makes mutual fund selection changes. Envestnet rebalances your account as necessary. Based on your responses to the Client Profile Questionnaire, Russell Investments will build a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. Envestnet may assess an annual minimum account fee of \$50 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

(12) Managed Investor Account CLS Smart ETF Portfolio (“MIA CLS Smart ETF Portfolio”) – Initial minimum account balance is \$50,000. The MIA CLS Smart ETF Portfolio is managed by a CLS portfolio management team. The portfolio consists primarily of exchange-traded funds, or “ETFs.” The ETFs utilized within the portfolio are limited to certain ETF providers determined by CLS that pay CLS a platform fee in exchange for inclusion in the portfolio; VFA does not receive any part of this fee. There is a potential conflict for CLS because the ETFs utilized by CLS in the portfolio are limited to the providers that pay CLS a platform fee. The fees received

by CLS vary based upon the ETFs utilized. Additionally, each ETF provider may expect that a portion of the total assets in the model portfolio be allocated to their ETFs. These payments incentivize CLS to include certain ETFs in its models, and further to allocate assets to those ETFs whose sponsors pay CLS a higher platform fee than paid by other sponsors. To mitigate the conflicts, CLS selects funds from the ETF providers that participate in the program based on their investment objectives and CLS' risk budgeting methodology and not based on any other factor. CLS employs policies and procedures to mitigate the conflicts. More information is provided in CLS' Form ADV Part 2A brochure. The portfolio management team seeks to manage risk in the portfolio by employing a "risk budget" that corresponds to the volatility level associated with the investments held in the Portfolio. CLS Investments adjusts portfolio allocation as market conditions change to maintain a constant risk level. The portfolio management team selects investments, monitors investments and asset allocation in the models and makes investment selection changes. Envestnet rebalances your account as necessary in accordance with CLS's instructions. Based on your responses to the Client Profile Questionnaire, CLS Investments will build a portfolio of ETFs that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. Envestnet may assess an annual minimum account fee of \$50 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

(13) Managed Investor Account CLS Focused Strategies Portfolio ("MIA CLS Focused Strategies Portfolio") – Initial minimum account balance is \$50,000. The MIA CLS Focused Strategies Portfolio is managed by a CLS Investments portfolio management team. The portfolio consists primarily of ETFs. The portfolio management team employs an active allocation approach using ETFs to manage specific investment objects or themes, including but not limited to commodities/natural resource companies, international sectors, macro-investment themes, or market protection strategies. The portfolio management team selects investments, monitors investments and asset allocation in the models and makes investment selection changes. Envestnet rebalances your account as necessary. Based on your responses to the Client Profile Questionnaire, CLS Investments will build a portfolio of ETFs that fit your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. Envestnet may assess an annual minimum account fee of \$50 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

(14) Managed Investor Account PMC Passive Foundation Portfolio ("MIA Passive Foundation Portfolio") – Initial minimum account balance is \$5,000. The MIA Passive Foundation Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio is focused on low-cost investing using passively-managed index mutual funds. The portfolio management team selects mutual funds, monitors investments and asset allocation in the accounts, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. Envestnet will assess an annual minimum account fee of \$20 (see description of Minimum MIP Account Fee on elsewhere in this Brochure).

(15) Managed Investor Account PMC Impact Foundation Portfolio ("MIA Impact Foundation Portfolio") – Initial minimum account balance is \$5,000. The MIA Impact Foundation Portfolio is managed by an Envestnet PMC portfolio management team. The portfolio consists of mutual funds and is designed for investors with environmental, social and governance ("ESG") priorities. The portfolio management team selects the mutual funds, including the ESG criteria, monitors investments and asset allocation in accounts, makes fund selection changes and rebalances accounts as necessary. Based on your responses to the Client Profile Questionnaire, Envestnet PMC will develop a portfolio of mutual funds that fits your financial situation. Your IAR will present the plan to you for your review and approval. Once you approve the plan it will be implemented; Envestnet PMC will monitor your account for conformance to the plan and will rebalance your account periodically to maintain the asset allocation. Envestnet may assess an annual minimum account fee of \$20 (see description of Minimum MIP Account Fee elsewhere in this Brochure).

How Your Program is Designed

If you are interested in establishing an MIP account, an IAR will meet with you to review your current financial situation, risk tolerance, and investment goals. Utilizing the Client Profile Questionnaire, your IAR will collect information about you in order to create an investor profile of your financial and investment situation, taking into account your current investments, assets, net worth, income, investment objectives, tax sensitivity, time horizon, risk tolerance, and various other variables. Should any of your information change, you should contact your IAR. An IAR is available to answer any questions and to help implement any changes you want to make based on changes in personal or financial circumstances, or the financial markets.

You will also need to complete and sign the following forms before your account may be established: the Statement of Investment Selection ("SIS"), New Account Application, MIP Transaction Disclosure Form or the Rollover Transaction Analysis document, and the Account Transfer Application (if you have assets to be transferred from another company).

Account Management

Envestnet will monitor your account on an ongoing basis and will rebalance your account periodically. The Firm relies on Envestnet and the Strategists to ensure the tools and analyses are operating properly and consistent with your investment profile. Diversification, asset allocation and rebalancing strategies do not ensure a profit or guarantee against a loss.

Overlay Management - With the multiple investment vehicles including separate account managers, Envestnet PMC portfolio management team acts as an “overlay manager” to monitor and coordinate the recommendations and trading activities. This team actively manages the portfolio for proper asset allocation. The overlay manager adds value by delivering operating efficiencies and coordinating all trading activity and investment decisions. Other overlay manager activities include: Tax loss harvesting, managing wash sales, monitoring short and long-term gains, managing cash flow activities, rebalancing the portfolio, and accommodating portfolio restrictions.

Fees and Other Charges

The fees you pay for your account(s) are based on a Program Fee as more fully described below. The Program Fee for your account covers the provision of initial and ongoing investment services and the execution of securities transactions. The Program Fee consists of the sum of:

Advisory Fee - This fee is the amount paid to VFA for advisory services; and

Platform Fee - This fee is for the other fixed and variable costs of your MIP portfolio as described further below. It is not negotiable and includes the fees and costs for services provided by, as applicable, VFA, Envestnet, the Strategists, and NFS for your MIP Portfolio.

The Platform Fee includes the following fees and expenses:

- *Management/Administrative Fee*. This portion of the Platform Fee is paid to Envestnet for administrative services provided in connection with the MIP platform and for the management fees that are paid to the Strategists (i.e., Envestnet PMC, Russell Investments and CLS Investments). This fee also includes any management fees paid to the separate account managers.
- *Sponsor/Firm Fee*. This portion of the Platform Fee is paid to the Firm to cover direct costs such as overhead related to the MIP platform, and variable costs such as trading, confirmations and statements. After the payment of such costs, the Firm retains a portion of this fee.
- *Custody Fee*. For MIP Portfolios other than Integrated MIA and Selected MIA, custody services are covered within the Platform Fee. **However, there is a separate custody fee charged for the Integrated MIA and Selected MIA Portfolios, paid to NFS to cover custody services and trading/transaction costs (other than mark-ups and markdowns, which are paid separately) for securities held in those MIP accounts.**
- *Clearing Firm/IRA Custodial and Related Fees*. NFS is the clearing firm for MIP accounts, meaning that all trades are placed through NFS, and it is also the custodian of your MIP account. As explained below, a portion of the Platform Fee is paid to NFS for its services in connection with your MIP account. While the Platform Fee includes custodial services for most accounts, NFS will **separately charge an annual IRA custodial fee** for services rendered as trustee of your IRA account, as discussed below.

The Strategists are responsible for selecting the mutual funds, ETFs or individual securities (such as stocks and/or bonds) in your portfolio; if you are enrolled in the Integrated MIA Portfolio or the Selected MIA Portfolio, a separate account manager is responsible for selecting securities for your account.

The Firm is responsible for paying NFS for any transaction fees associated with the purchase or sale of mutual funds in your account. Certain mutual funds are available on the NFS platform as “no transaction fee” (NTF) mutual funds. With respect to NTF Funds used in the various MIP portfolios (including any NTF Funds held in your account), NFS receives revenue from the fund and/or an affiliate of the fund, which revenue is based on the total assets invested in the fund in your MIP account. NFS uses these revenues to reduce the aggregate trading costs of the MIP portfolios, which are otherwise paid by the Firm out of its Sponsor/Firm Fee. Accordingly, the Firm benefits when assets are invested in MIP portfolios with a higher proportion of NTF funds. However, your Program Fee is unaffected by the actual amount of trading costs because such costs are paid by the Firm.

The Program Fee does not include the following costs/fees:

- *IRA Custodial Fees*. If your MIP account is established as an individual retirement account (“IRA”), you will pay, in addition to applicable Program Fees, NFS an annual custodial fee of up to \$35. This fee will be reflected separately on your account statement and applies to all MIP portfolios. It is different than the custody fee referred to above for the Integrated MIA and Selected MIA Portfolios.

- **Mark-ups/Markdowns.** If you are in either the Selected MIA or Integrated MIA Portfolio, you will pay for mark-ups or markdowns on transactions in over-the-counter fixed-income securities purchased or sold for your MIP account and may include dividend processing fees. These fees are reflected in the price of the security purchased.
- **Mutual Fund Fees and Expenses.** You pay the internal fees and expenses of the mutual funds and ETFs held in your MIP account. This may include short-term redemption fees on mutual fund shares.
- **Minimum MIP Account Fee.** For certain MIP portfolios, Envestnet evaluates quarterly whether it has received a minimum amount of revenue from its management/administration fee charged on your account. If the annualized fee for such services, which is calculated based on your average daily balance for the quarter, is less than the minimum amount listed in the MIP portfolio descriptions contained in this Brochure, Envestnet will assess a fee equal to one quarter of the annual minimum account fee based on the number of days in the quarter during the fee billing process.
- **Mutual Fund Small Balance Fee.** Mutual funds in your MIP account may charge a small balance fee if the value of your investment in the fund falls below a certain dollar amount. A small balance fee is assessed by the fund at the discretion of the fund company. If applicable, the minimum fund balance and the fee amount will be described in the fund's prospectus.

The table on the next page sets forth the estimated Program Fee schedule for accounts established on or after January 29, 2018. Your actual Program Fee is provided in your SIS, which is provided to you for review and approval at the time of your enrollment in the program.

For account proposals generated prior to January 29, 2018, the Advisory Fee will vary between MIP accounts based on the Program Fee that was negotiated on your account. For account proposals generated on or after January 29, 2018, but before January 1, 2019, the Advisory Fee is a tiered fee beginning at 0.95% for all MIP portfolios. For account proposals generated on or after January 1, 2019, the Advisory Fee is a tiered fee beginning at 0.90% for all MIP portfolios. The Advisory Fee is assessed quarterly and is based on your average daily balance in your MIP account during the quarter. Your IAR may negotiate a lower Advisory Fee, subject to approval by the Firm, but the Platform Fee may not be negotiated. If your IAR negotiates a lower Advisory Fee, your Program Fee will be lower than the fees outlined in the schedules below and your IAR will receive less compensation.

Estimated Program Fee schedule

| PROGRAM FEE | | | | |
|-------------------------|---|--|--|---------------------------------|
| Assets under Management | MIA Portfolio Index Plus MIA Portfolio MIA Retirement Income Portfolio MIA AIG Funds Portfolio** MIA California Residents Portfolio | | MIA American Funds Active Core Portfolio MIA Franklin Templeton ActivePassive Portfolio | |
| First \$250,000 | 1.25% | | 1.25% | |
| Next \$250,000 | 1.03% | | 1.04% | |
| Next \$500,000 | 0.90% | | 0.94% | |
| Next \$1,000,000 | 0.77% | | 0.84% | |
| Next \$3,000,000 | 0.67% | | 0.74% | |
| Over \$5,000,000 | 0.57% | | 0.64% | |
| Assets under Management | MIA ActivePassive® Portfolio | | MIA Passive Foundation Portfolio | MIA Impact Foundation Portfolio |
| First \$250,000 | 1.10% | | 1.18% | 1.20% |
| Next \$250,000 | 0.89% | | 0.97% | 0.99% |
| Next \$500,000 | 0.79% | | 0.87% | 0.89% |
| Next \$1,000,000 | 0.69% | | 0.77% | 0.79% |
| Next \$3,000,000 | 0.59% | | 0.67% | 0.69% |
| Over \$5,000,000 | 0.49% | | 0.57% | 0.59% |

| PROGRAM FEE (continued) | | | | |
|-------------------------|--------------------------|-----------------------|-----------------------------|--------------------------------------|
| Assets under Management | Integrated MIA Portfolio | | | |
| First \$250,000 | 1.83% | | | |
| Next \$250,000 | 1.49% | | | |
| Next \$500,000 | 1.27% | | | |
| Next \$1,000,000 | 1.13% | | | |
| Next \$3,000,000 | 0.96% | | | |
| Over \$5,000,000 | 0.82% | | | |
| Assets under Management | Selected MIA Portfolio | MIA Russell Portfolio | MIA CLS Smart ETF Portfolio | MIA CLS Focused Strategies Portfolio |
| First \$250,000 | 1.83% | 1.20% | 1.33% | 1.54% |
| Next \$250,000 | 1.49% | 0.99% | 0.99% | 1.24% |
| Next \$500,000 | 1.37% | 0.89% | 0.89% | 1.14% |
| Next \$1,000,000 | 1.26% | 0.79% | 0.79% | 1.04% |
| Next \$3,000,000 | 1.15% | 0.69% | 0.69% | 0.94% |
| Next \$5,000,000 | 1.04% | 0.59% | 0.59% | 0.84% |
| Next \$15,000,000 | 1.02% | 0.57% | 0.57% | 0.82% |
| Over \$25,000,000 | 1.00% | 0.55% | 0.55% | 0.80% |

*With respect to the Selected MIA Portfolio, the Program Fee may be more or less than the fee stated above based on the management fees charged by the separate account manager selected for your account. This fee is noted on your Envestnet quarterly performance reports.

**The MIA AIG Funds Portfolio consists of mutual funds advised by SAAMCo, an affiliate of the Firm. In addition to your Program Fee, you pay the expenses/fees of the AIG Funds in your MIP account. These expenses/fees include the investment advisory fees paid by the mutual funds to SAAMCo and distribution, administrative and other fees paid to other VFA affiliates. Information regarding the investment advisory and administrative fees paid by the mutual funds to Firm affiliates and SAAMCo is included in the funds' prospectuses. Affiliates of the Firm also provide other services to the mutual funds for which they receive compensation, such as accounting, printing and transfer agency-related services, as described in the mutual funds' prospectuses or statements of additional information. This means that the MIA AIG Funds Portfolio is more profitable to the Firm and its affiliates than the other MIP portfolios. Your IAR does not receive additional compensation for a recommendation to invest your assets in the MIA AIG Funds Portfolio.

The Program Fee may be more or less costly to you than paying for the services separately, depending upon the investment advisory fees charged, the type of account, the amount of assets in the account, time and services provided, the number of transactions for the account, and the level of brokerage and other fees that would be payable if you obtained the services available under the program individually.

Calculation and Deduction of the Program Fee. The Firm begins to charge the Program Fee once it approves your account on Envestnet's system, which typically occurs shortly after you complete your enrollment in your MIP account and assets are received in your account to meet the initial minimum account balance. The Program Fee is a tiered fee that is calculated quarterly, in arrears, based on the average daily balance of your MIP account during the quarter and the number of days in the quarter. At the end of a quarter, Envestnet calculates the Program Fee by multiplying the average daily balance by your advisory fee schedule. The average daily balance of your MIP account for fee calculation purposes will include all assets in your MIP account, including uninvested cash. After calculating the Program Fee, Envestnet instructs NFS to deduct the fee from your account. NFS deducts your Program Fee following the end of the quarter. If your MIP account is managed for only a portion of a quarter, the Program Fee will be pro-rated accordingly based on the average daily balance during that portion of the quarter and, in the event of a termination, the fee will be deducted before your account balance is distributed. If you decide to change your investment in your current MIP account by signing a new SIS during a quarter, the amount of the Program Fee will be adjusted to reflect the new MIP account fee schedule, and will be pro-rated based on the average daily balance during that portion of the quarter following the change to the MIP account. Depending on which MIP portfolio model you choose, your Program Fee may increase or decrease. Distribution of your account balance, less applicable fees paid, occurs promptly after notice of termination. If cash or cash equivalent funds in your account are not sufficient to pay any fees charged on your account, investments in your account will be liquidated in order to pay the outstanding fees.

Combining of Account Values for Fee Calculations. If you or your family members have more than one MIP account, you can lower your Program Fees based on the cumulative assets that you maintain in your MIP account(s). “Family member” for purposes of combining account values in the MIP program includes your spouse, domestic partner, and your children. Combined account arrangements established prior to January 1, 2019 that otherwise do not meet these criteria will continue to be honored. Discuss with your IAR whether you have multiple MIP accounts and whether they are eligible for lowered Program Fees.

For combined accounts, each account owner must sign the MIP Account Combination Request Form. One account will be designated as the “Primary Account” and the owner of the Primary Account will receive Envestnet quarterly reports that contain information about each of the combined accounts, including account balances, transactions and holdings. Each MIP account owner in the billing group will continue to receive his/her NFS quarterly account statement.

The Firm is not responsible for identifying MIP accounts eligible for combining accounts for fee calculation purposes. Accounts will be combined only upon receipt by the Firm of a properly completed MIP Account Combination Request Form. Additionally, the Firm does not combine for fee calculation purposes a client’s MIP accounts with other accounts enrolled in the Firm’s other two wrap fee programs, the GPS Program and GPA Program or other assets held at the Firm.

Compensation and Conflicts of Interest. A portion of the Advisory Fee collected by the Firm is shared with your IAR for introducing and servicing your advisory account. For account proposals generated on or after January 29, 2018, but before January 1, 2019, the Advisory Fee is a tiered fee based on the average daily balance in your MIP account during the quarter and may be up to 0.95% per annum based on the value of assets in the account. For account proposals generated on or after January 1, 2019, the Advisory Fee is a tiered fee beginning at 0.90% for all MIP portfolios. For account proposals generated prior to January 29, 2018, the Advisory Fee will vary among MIP accounts based on the Program Fee on your account. **If you have an existing MIP account that compensates the IAR more than he receives under the agreement for a new account, and you seek to make an additional deposit or open a new MIP account, your IAR has a financial incentive to recommend that you deposit the additional funds into your existing account rather than open a new account.**

As a registered representative of the Firm, your IAR is paid for the sale of products and services, including sales commissions for annuities and mutual funds, and ongoing fees for certain securities and advisory services. For example, your IAR receives a portion of the Advisory Fee you pay on your MIP account, which is an ongoing fee for the services provided under the program. Your IAR’s compensation will vary based on the products and services provided to you. Your IAR has a financial incentive for you to transfer your assets to a product or service, such as MIP, that would increase the IAR’s compensation over what he/she receives on an existing product or service. We manage the potential for this conflict of interest by maintaining policies and procedures designed to ensure that IARs make recommendations that are in the best interest of the investor in the context of the products and services offered by the Firm. Specifically, all recommendations to transfer assets from one product to another are reviewed by our Supervision department, the members of which do not receive any variable product-based compensation. Additionally, the Firm maintains programs for the review of these policies and procedures via internal auditing procedures, other compliance related review and surveillance activities, and from time-to-time the Firm engages outside consultants to review, evaluate, and recommend changes to existing policies and procedures.

The PD Freedom Advisor annuity (for accounts opened in 2019 and after), when offered in conjunction with the GPA Program, generates higher revenues for VFA and VALIC in the aggregate than does MIP. We mitigate this conflict of interest, which exists at the Firm level, by paying IARs, who are responsible for making recommendations to clients, the same amount irrespective of whether the client is invested through MIP or the GPA Program.

Other Charges & Transaction Costs: As noted above, your investment in an MIP account is subject to certain other fees and charges imposed by third parties. In addition, mutual funds charge advisory, administrative and other fees and expenses, which shareholders bear on a pro rata basis. Mutual funds offer a variety of share classes, which differ according to the imposition of sales loads, and distribution costs commonly referred to as 12b-1 fees, and sub-transfer agency and shareholder services fees. Within MIP, mutual fund recommendations will be limited to classes of shares that are not subject to a front-end sales load or deferred sales load or that qualify for a waiver of the load. VFA seeks to include in MIP portfolios share classes that are the least costly among those available to the program. There is no guarantee that the Firm will offer within the MIP Program the lowest cost share class offered by the fund, even if included on the NFS Platform. For example, NFS may include a share class that charges no Rule 12b-1 fee or sub transfer agent fees that is subject to a surcharge in excess of NFS’ standard transaction fees. VFA will not offer these share classes in the MIP Program.

If a mutual fund purchased within your MIP account charges a 12b-1 fee, sub-transfer agent fee or shareholder services fee to VFA, VFA will rebate your proportionate share of those fees to your MIP account. However, if the share class available in MIP charges such fees and they are retained by our clearing broker, NFS, then clients will not receive a rebate and their investment returns will be adversely impacted by payment of such fees.

For the following non-custom MIP Portfolios managed by Envestnet, the Firm is one of multiple investment advisers that offers the model portfolio to its clients: *MIA ActivePassive Portfolio*, *MIA American Funds Active Core Portfolio*, *MIA Franklin Templeton Funds ActivePassive Portfolio*, *MIA Passive Foundation Portfolio* and *MIA Impact Foundation Portfolio*. For these Portfolios for which it is the Strategist, Envestnet strives to choose the lowest-priced share class available for its model portfolios. The actual share class purchased and allocated to your account may result in the use of a higher cost share class within the model portfolio. VFA will work with Envestnet to facilitate the conversion of share classes in order to exchange investors into a lower cost share class where operationally feasible. Envestnet's policy for share class selection is also to select a share class that does not pay a 12b-1 fee, if available. For additional information regarding Envestnet's share class selection, please refer to Envestnet's Form ADV Part 2A or stand-alone Share Class Policy for Broadly Distributed Portfolios.

For Portfolios that include ETFs, you should note that shares of an ETF trade on an exchange, and therefore, the value of such shares may differ from the value of the ETF's underlying investments. ETFs may trade at a market price which reflects a "premium" or a "discount" to the net asset value ("NAV") of their shares. If the market price is higher than the NAV, the ETF is said to be trading at a "premium". If the price is lower, it is trading at a "discount". Accordingly, ETFs may be purchased at prices that exceed the NAV of their underlying investments and may be sold at prices below such NAV. Under such circumstances the sale of ETF shares sold at a discount may not reflect the NAV of the underlying investments of those ETF shares. Moreover, there are costs associated with purchasing and selling an ETF, called a "bid-ask" spread (the difference between what a buyer is willing to pay (bid) for an ETF and the seller's offering (ask) price). All of these transaction costs (which do not apply to the purchase and sale of mutual funds) will adversely affect the performance of the MIP portfolios models that invest in ETFs.

Share Class Selection for AIG Funds: For the MIA AIG Funds Portfolio, only AIG Funds are used with limited exceptions. For the AIG Funds in the portfolio, VFA chooses to use the share class that charges a Rule 12b-1 fee because the overall expense ratio charged to investors (after VFA's rebate of such Rule 12b-1 fees) is lower than the available non-12b-1 share class. Please note, however, that VFA's affiliate, AIG Capital Services, Inc., will receive a 10-basis point 12b-1 fee from this share class.

Is A MIP Account for You?

The MIP account bundles together several service providers - an investment adviser, a broker-dealer, a clearing firm and a custodian - and offers most of these services for a single Program Fee. Some clients prefer having the various services "packaged" together; others prefer to select their own providers for the various services needed to manage their investment portfolios. Similarly, some clients prefer a fee structure that converts trading costs into an asset-based fee calculated on the same basis as advisory fees; others prefer trading costs to be assessed on a per trade basis. Depending on a number of factors, such as the number, size and nature of the securities transaction in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. For specific questions regarding your relative costs, please contact your IAR.

Termination of the Advisory Relationship

When you enroll in a MIP account, you sign an account application, an SIS that incorporates by reference an investment advisory agreement between the Firm and you ("Advisory Agreement"), and certain other forms and documents. At any time thereafter, both you and the Firm may terminate the Advisory Agreement for any reason. You may terminate your MIP account by providing written notice; your IAR has the appropriate form for you to use. Termination by VFA will be effective upon written notice as set forth in the Advisory Agreement, unless a later date is stated in the notice. Upon termination of any advisory relationship, VFA reserves the right to deduct any unpaid pro-rated Program Fee for the period from the end of the last calendar quarter through the date of termination. For more information about the deduction of unpaid fees, refer to "Calculation and Deduction of the Program Fee" in this Brochure.

If you terminate your MIP account, your IAR can no longer execute transactions in your program account. Additionally, you will be limited to one or more of the following transactions: (1) redeem the existing securities in your MIP account and transfer the redemption proceeds to the money market fund available in your MIP account, at which point you will no longer be charged the Program Fee, (2) transfer the securities held in your MIP account to a brokerage account that you have set up, or (3) redeem the securities in your MIP account and transfer the redemption proceeds out of the account. Transferring assets out of your MIP account, whether cash or mutual funds, to a new brokerage account may require that you complete a new account application.

Item 5 - Account Requirements and Types of Clients

The Firm offers the MIP services primarily to individuals, including high net worth individuals. The Firm may in limited instance offer the MIP account to entities, such as corporations, partnerships and trusts.

Establishing a Program Account: If you are interested in establishing an account, you must complete a Client Profile Questionnaire. After completing the Client Profile Questionnaire, your IAR will help you complete an additional questionnaire designed to determine your investment focus, which may include traditional asset allocation, cost sensitivity, and socially and environmentally responsible investing,

among others. Note that, if your IAR recommends the Selected Managed Investor Account Portfolio you will not complete the second questionnaire. Based on your responses in the second questionnaire, your IAR will recommend one or more MIP portfolios that best meet your needs based on the information you have provided.

Your IAR will present you with a proposal for your review and consideration, which includes this Brochure (and brochures for the Strategists or separate account managers, if applicable), an Advisory Agreement, an account application and the SIS, which must be signed prior to establishing your MIP account. Other disclosure documents may be also be included for your review. As part of this process, you will approve the initial MIP portfolio model for your account.

Minimum Initial Account Balances: For information pertaining to minimum initial account balances for each MIP Portfolio, please refer to Item 4 of this Brochure.

The Firm reserves the right to lower the minimum initial account balance on a case-by-case basis, as well the right to terminate an account if the assets in an account fall below the minimums.

Item 6 - Portfolio Manager Selection and Evaluation

General: Envestnet PMC, Russell Investments and CLS Investments are responsible for the selection, evaluation, and review of the investment options offered in their respective portfolios and making changes as they deem appropriate. VFA does not participate in the selection or review of mutual funds, ETFs or other individual securities that are available and/or purchased in your MIP Account. The Firm, through an investment group comprised of Firm personnel, periodically meets with Envestnet and the Strategists (Envestnet PMC, Russell Investments and CLS Investments) to review the MIP portfolio models' investment performance, operational and related issues, and other matters related to MIP.

Selected Manager Investor Account: An Envestnet PMC portfolio management team conducts due diligence on separate account managers based on their proprietary due diligence methodology to determine which can be made available to serve as a portfolio manager of your SMIA portfolio. Your IAR will recommend one or more separate account managers from this list of managers. Envestnet PMC, in consultation with the Firm, will provide ongoing manager oversight of these separate account managers.

While no related persons act as a portfolio manager for an MIP portfolio model, SAAMCo, an affiliate of the Firm, serves as the investment adviser to the AIG mutual funds, which are used within the MIA AIG Fund Portfolio for which Envestnet is the Strategist.

Item 7 - Client Information Provided to Portfolio Managers

Envestnet provides the operational and system support for MIP and the Strategists provide services in MIP and are responsible for the design and management of the MIP portfolio models. Based on your responses to the Client Profile Questionnaire(s), Envestnet develops a portfolio of investment options for you for which you and your IAR will review and approve. Envestnet and the Strategists do not have a direct relationship with you. It is important to periodically review your Client Profile information with your IAR and make any applicable updates should your retirement objectives or investment circumstances change.

Selected MIA Portfolio: Based on your responses to the Client Profile Questionnaire, your IAR will recommend a separate account manager from a list of managers for which Envestnet PMC has made available for this portfolio. Your IAR will present recommendations for your review and approval. Once you approve plan it will be implemented. The separate account manager will manage your account for conformance to the plan and, based on his discretionary authority, rebalance your account periodically. A more frequent review may also be instigated by you based on changes in your personal or financial circumstances or changes in market conditions. The list of separate account managers available within the Selected MIA Portfolio for which you chose your manager is reviewed and/or updated periodically by Envestnet PMC.

Item 8 - Client Contact with Portfolio Managers

If you have questions regarding your account(s), you should contact your IAR. You should not contact Envestnet or the Strategist directly because Envestnet and the Strategist rely on the IAR to address direct client inquiries. Your IAR may have access to additional information about you outside of your MIP account.

Item 9 - Additional Information

Disciplinary Information. We are required to disclose any legal or disciplinary events that are material to our clients or our prospective client's evaluation of our investment advisory business or the integrity of our management. The following are disciplinary events relating to the Firm and/or our management personnel:

On November 28, 2016, without admitting or denying the Financial Industry Regulatory Authority ("FINRA") findings, the Firm submitted a letter of acceptance waiver or consent for the purpose of settling alleged NASD and FINRA rule violations that it failed to: (1) have a reasonable system or process/procedures designed to address, analyze or review the conflicts of interest in its compensation program

or to ensure that balanced disclosures was provided to the investors regarding such compensation program, (2) to maintain adequate systems and procedures to supervise the sale of variable annuities to retail brokerage customers, (3) maintain supervisory procedures and training materials that provide registered representatives and principals guidance or suitability considerations for sales of different variable annuity share classes, including L-share variable annuities, (4) enforce supervisory procedures requiring that certain emails flagged by its email surveillance system be reviewed by designated Firm supervisors, (5) establish a reasonable system and procedures to supervise its complaint reporting responsibilities, and (6) failed to issue account notices at account opening and then on 36-month intervals for certain brokerage customers. The Firm was censured and fined \$1,750,000.

On June 3, 2019, without admitting or denying any findings of fact or conclusions of law, the Firm settled a matter with the Securities Enforcement Branch ("SEB") of the Hawaii Department of Commerce and Consumer Affairs. As part of the settlement, the Firm entered into a consent order with the SEB (the "Consent Order"), which states that the Firm failed to supervise a registered representative who had submitted a transaction without proper customer authorization. Pursuant to the Consent Order, the Firm paid a fine of \$10,000.

Other Financial Industry Activities and Affiliations. VFA is a wholly owned subsidiary of VALIC, which is a Texas-domiciled insurance company and an SEC-registered investment adviser. VALIC is primarily engaged in the offering and issuance of fixed and variable annuity contracts and combinations thereof and is licensed to issue annuities in 50 states and the District of Columbia. VALIC is an indirect, wholly owned subsidiary of AIG.

In addition to being registered with the SEC as an investment adviser, VFA is registered with the SEC, FINRA and state securities commissions as a broker-dealer, and as an insurance agency. In this capacity, VFA is involved in the sale of various types of securities, including, but not limited to, stocks, bonds, variable investment products and mutual funds. VFA, as well as our financial advisors, receive separate compensation for securities transactions purchased through the Firm.

- AIG Capital Services, Inc. ("ACS") is an indirect, wholly-owned subsidiary of AIG and an affiliate of the Firm. In its capacity as a registered broker-dealer, ACS acts as principal underwriter for the offer, sales and distribution of the variable annuity contracts issued by VALIC and its affiliates and as distributor of registered investment companies advised by VALIC and SAAMCo.
- SAAMCo is an indirect, wholly owned subsidiary of AIG and an affiliate of the Firm. SAAMCo is the investment adviser for AIG mutual funds, including the AIG mutual funds available within the MIA AIG Funds Portfolio. It also serves as an administrator and investment sub-adviser to certain registered investment companies advised by VALIC.
- AIG Federal Savings Bank, an affiliate of the Firm, acts as custodian/trustee for employer-sponsored retirement plans for which the Firm provides enrollment, education and advisory services to individual plan participants.
- VALIC Retirement Services Company ("VRSCO") is a wholly owned subsidiary of VALIC and an SEC-registered transfer agent for registered investment companies advised by VALIC and SAAMCo. VRSCO is also a record keeper and service provider to certain retirement plans for which the Firm provides enrollment, education and advisory services.
- VALIC Company I/VALIC Company II (the "VALIC Funds") are registered investment companies advised by VALIC and, with respect to certain funds, sub-advised by SAAMCo. The VALIC Funds are offered as underlying investment options within VALIC-issued variable annuity contracts and as mutual funds in employer-sponsored retirement plans for which VFA offers the GPS Program and GPA Programs, as applicable. For these funds, SAAMCo is the administrator and, for certain funds, an investment sub-adviser, AIGCS is the distributor, and VRSCO is the transfer agent. Additionally, with respect to the VALIC Company II funds, VALIC provides shareholder services to shareholders invested in the funds.
- The AIG Funds are registered investment companies advised by SAAMCo and comprise all or substantially the funds held within MIA AIG Funds Portfolio. The AIG Funds within the AIG Funds Portfolio will include series within the SunAmerica Equity Funds, SunAmerica Income Funds, SunAmerica Specialty Series, SunAmerica Senior Floating Rate Fund, and SunAmerica Series, Inc. AIGCS is the distributor of the AIG Funds.

Code of Ethics, Participation in Client Transactions and Personal Trading. The Firm has adopted a Code of Ethics ("Code") for which it periodically reviews and updates. VFA will provide a copy of its current Code to clients and prospective clients upon request by contacting us 866-544-4968.

VFA, as an investment adviser, has a fiduciary duty to act solely for the benefit of its advisory clients. The Code requires honest and ethical conduct by all our supervised persons, compliance with applicable laws and governmental rules and regulations, the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code, and accountability for adherence to the Code. The Code is designed to protect the organization and its clients from damage that could arise from a situation involving a real or apparent conflict of interest. While it is not possible to identify all possible situations in which conflicts might arise, this Code is designed to set forth our policy regarding the conduct of our supervised persons in those situations in which conflicts are most likely to develop.

Supervised persons are expected to adhere to the Code and are also expected to follow procedures for the reporting any violations of the Code.

For access persons, VFA requires that certain securities transactions be disclosed and/or reported. Access persons are any of VFA's supervised persons who have access to non-public information regarding any investment advisory client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund (as defined in the Code) or any person who is involved in making certain types of securities recommendations to investment advisory clients, or who has access to such recommendations that are non-public.

In our capacity as a broker-dealer, we provide to our clients a variety of products and services for which we are compensated. If an advisory client chooses to utilize our services as a broker-dealer, VFA and registered representatives, who are also IARs, may earn compensation in the form of brokerage commissions in addition to advisory fees. Outside of MIP, our registered representatives may recommend to you the purchase or sale of investment products in which we or a related entity may have some financial interest, including, but not limited to, the receipt of compensation.

Privacy Policy. Protecting customers' personal information is important to the Firm. Therefore, the Firm has instituted policies and procedures to keep customer information confidential and secure. The Firm does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law. In the course of servicing a client account, the Firm may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. The Firm delivers a copy of its privacy policy to prospective clients prior to establishing a client relationship with VFA and to all VFA clients annually, thereafter.

Review of Accounts. The Firm engages in ongoing monitoring of the program. The Firm, through its investment group, periodically meets with Envestnet to review the MIP portfolio models' investment performance, Strategists and other matters related to MIP.

For all MIP portfolios (except the MIP portfolios listed below), Envestnet will monitor your account on an ongoing basis and will rebalance your account periodically. The Firm relies on Envestnet and the Strategist to ensure the tools and analyses are operating properly and consistent with your investment profile.

For the Selected MIA Portfolio, the separate account manager will manage your account on an ongoing basis, rebalance your account periodically and may include reasonable portfolio restrictions. The IAR relies on the separate account manager to manage your portfolio and on Envestnet PMC, in consultation with the Firm, to conduct due diligence on the separate account manager and to ensure the tools and analyses are operating properly. Diversification, asset allocation and rebalancing strategies do not ensure a profit or guarantee against a loss.

Written Reports. Clients receive quarterly written reports from Envestnet that itemizes the activity in your MIP account during the preceding quarter, the current asset allocation, and the market value of the Account. The report will also provide market commentary, a breakdown of investments, and an account summary that includes the beginning balance, end-of-quarter balance, and year-to-date values. Additionally, NFS will provide you trade confirmations and quarterly account statements for your Account. You will also receive all statements and forms required to be provided to you for tax reporting purposes.

Client Referrals and Other Compensation. VFA maintains a program under which its representatives are eligible to attend an annual conference (Advisor Leadership Conference) and other conferences sponsored by AIG and/or VALIC which are based on their achievement of certain levels of aggregate compensation from the sale of securities, insurance products, and advisory fees received from advisory accounts. Certain of the Firm's top-earning IARs are designated as President's or Platinum President's Cabinet members and receive additional compensation and benefits. Qualification for the annual conference or the President's or Platinum President's Cabinet is based on total compensation as described above and is not based on any specific product or category of products. However, because eligibility for the Top Advisor Conference and the President's or Platinum President's Cabinet is based on the IAR's total compensation, IARs are incentivized to have clients purchase products or transfer assets to services or products that earn higher levels of compensation for the IAR.

As noted above, a portion of the MIP fee that you pay to the Firm is paid to your IAR. Generally, the percentage of the fees that the Firm pays to your IAR from your MIP Program increases based on a rolling 52-week period as their aggregate compensation from both the sale of insurance/securities products and receipt of advisory fee reaches certain thresholds during that rolling time period. This increase in compensation to the IAR will not increase the Program Fee you pay to the Firm.

The compensation that your IAR receives from substantially all compensation sources, including MIP fees, count towards your IAR's qualification for non-cash awards, trips and other non-cash benefits offered by the Firm. The Firm may implement programs under which IARs may be eligible to win non-cash awards, trips and other non-cash benefits offered by the Firm for certain sales efforts relating to enrollment in employer-sponsored retirement plan accounts, among other factors. Similar to other sales-based programs, such non-cash awards are not based on the sale of any specific product or category of products. These programs will not change the fees that you pay for advisory services.

The Firm and/or one or more of its affiliates will receive voluntary payments from fund sponsors and service providers that choose to participate in, and that are designed to defray the costs associated with, Firm-sponsored or VALIC-sponsored conferences, seminars, training or other educational events where such funds or other related services are discussed and that are attended by our employees or employees of our affiliates and/or plan sponsors and plan consultants.

The Firm does not engage solicitors or pay related or non-related persons for referring potential MIP clients.

Sponsorship Activities of VALIC. VALIC maintains ongoing relationships with various organizations and associations, including trade associations, unions, and other industry groups, to which VALIC makes sponsorship payments for marketing and advertising opportunities. These marketing and advertising opportunities may take the form of participation in leadership and recognition events, educational conferences, speaking opportunities, booth space and signage at membership conferences and similar events, and membership dinners. Such payments are typically flat fees (either one-time or recurring) and are not based on transactions or sales.

VALIC also has ongoing relationships with retirement plan sponsors. As part of these ongoing relationships, VALIC may sponsor events and seminars for plan participants that provide education for plan participants, as well as marketing and advertising opportunities for VALIC. Such sponsorships may include providing occasional meals, entertainment, or nominal gifts to the extent permitted by FINRA rules.

These sponsorships may be considered endorsements of VALIC products, may result in additional annuity sales to plan participants, and provide an incentive to these organizations, associations, and plan sponsors to promote the Firm's products and services.

Financial Information. Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about VFA's financial condition. VFA has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy petition.