



## *Ameriprise*<sup>®</sup> Lockwood Accommodation Program

Client Disclosure Brochure (Wrap Fee Program)  
(Part 2A Appendix 1 of Form ADV)

This wrap fee program brochure provides clients with information about the qualifications and business practices of Ameriprise Financial Services, LLC and the *Ameriprise*<sup>®</sup> Lockwood Accommodation Program. If you have any questions about the contents of this brochure, please contact us at 800.297.6663. 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.

Additional information about Ameriprise Financial Services, LLC is available on the SEC website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

March 2020

Sponsor:

Ameriprise Financial Services, LLC  
70400 Ameriprise Financial Center  
Minneapolis, MN 55474

[ameriprise.com](http://ameriprise.com)

## Material Changes

### *Annual Update*

This Brochure, dated March 2020 is filed as the annual update to the Form ADV Part 2A, Appendix 1 and includes material changes that have occurred since the last annual update of our brochure in March 2019. Following is a summary of the material changes:

- The **“Other financial industry activities and affiliations”** sub-section of the **“Additional Information”** section was updated to reflect the approval of Ameriprise Bank, FSB’s bank charter as a federal savings bank.

- \*In addition, the Disclosure Brochures have been updated to reflect that effective January 9, 2020, Ameriprise Financial Services, Inc. has converted under Delaware state law into a limited liability company and changed its name to **Ameriprise Financial Services, LLC (the “Firm”)**. The change does not affect the operations, obligations or duties of the Firm as they existed prior to the conversion, does not have any impact on clients, and there is no action for you to take. You will continue to be serviced as before by your financial advisor and the Firm.

You may request at any time a current copy of this Disclosure Brochure, and if applicable, Part 2A of your Investment Manager’s Form ADV Brochure (as defined below in the Overview of Program section of this Brochure) from your financial advisor. The current Brochure replaces any earlier version you receive.

You may also request copies of the Brochure(s) by writing by Ameriprise Financial Services, LLC at 2661 Ameriprise Financial Center, Minneapolis, MN 55474, or by calling 800.297.7378.

**Please retain a copy of this Brochure for your records.**

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# Ameriprise® Lockwood Accommodation Program

## services, fees and compensation

### Appropriateness of Program for you

Prior to establishing an Ameriprise® Lockwood Accommodation Program (“Program”) account (“Account”), you should carefully review this brochure, which constitutes the Ameriprise® Lockwood Accommodation Client Disclosure Brochure (Part 2A, Appendix 1 of Form ADV) (“Disclosure Brochure”).

Before enrolling in the Program, you should consider, among other things, your costs and potential benefits of maintaining your Account through the Program, your investment objectives for your Account, and the types of investments you hold and intend to purchase. An Account may not be appropriate if you have a long-term buy-and-hold investment strategy or otherwise purchase securities infrequently. In these instances, an Ameriprise Financial Services transaction-based account may provide you with a lower-cost account relationship alternative.

Depending upon how long you choose to be a Program client, the Program may cost you more or less than if you were to purchase the services and securities offered through the Program separately. The same or similar services provided to you under the Program Fee (as defined in the next section) may be available to you at a lower fee from another service provider. When considering the overall costs and appropriateness of the Program for you, consider, among other things, the following factors:

- Amount you will pay in total Wrap Fees, including Program Fees;
- Expenses of underlying securities, products or investment strategies, such as management and distribution fees which are in addition to the Wrap Fee (including Program Fees) that you pay to Lockwood and are not compensation to your Ameriprise financial advisor (“financial advisor”);
- Whether a Sub-Manager for Managed Account Service you select places client trade orders with a broker-dealer other than Pershing and whether the broker-dealer will assess a commission or transaction cost for such trade orders which are in addition to the Wrap Fee (including Program Fees) that you pay to Lockwood and are not compensation to your financial advisor;
- Impact of the costs of an Account, including the total Wrap Fee compensation (includes Program Fee) received by your financial advisor and Lockwood and its affiliates and other servicing and account maintenance fees described in the **“Fees and Compensation”** section, expenses of

underlying securities, products or investment strategies, and commissions or transaction costs incurred for trades placed with a broker-dealer other than Pershing, on the overall value and net performance of your Account;

- Total cost of purchasing any underlying securities, products and services outside of the Program or at another firm;
- Amount of trading activity anticipated in your Account;
- Size of your Account;
- Your ability to independently select and retain professional asset management services;
- Value of the periodic Account reviews;
- Information contained in the Lockwood Sponsored Program Wrap Fee Program Brochure Form ADV Part 2A, Appendix 1 (“Lockwood Disclosure Brochure”);
- Terms of the following agreements: Lockwood Advisors, Inc. Investment Advisory Profile and Agreement and the Account Profile and Investment Selection Summary; Lockwood Sponsored Program Terms and Conditions; Brokerage Account Agreement with Pershing Advisor Solutions LLC (“PAS”); and the Ameriprise® Lockwood Accommodation Program Terms and Conditions;
- The type of investment products (including mutual fund share classes) that are available in each Managed Account Service); and
- How much of your assets you expect to be allocated to cash.

### Overview of Program

The Program is a discretionary investment advisory service made available to certain clients who hold existing accounts at Lockwood Advisors, Inc. (“Lockwood”), but wish to change broker-dealer, or to clients who own a separately managed account (“SMA”) at an unaffiliated broker-dealer and desire to transfer the account to Lockwood. Ameriprise Financial Services, LLC (“Ameriprise Financial Services” or “we” or “Sponsor”) allows for the transfer of these accounts into the Program. The Program offers access to the following Lockwood managed account programs (“Managed Account Services”) for your Account:

- Lockwood Separately Managed Accounts
- Lockwood Investment Strategies
- Lockwood Asset Allocation Portfolios

These Accounts are held at and serviced by Lockwood and its affiliates. Lockwood is an independent investment management firm that provides access to individual portfolio managers, investment advisory and discretionary services to financial professionals such as financial advisors, who, in turn, provide investment advice to their clients.

In each of the Managed Account Services, Lockwood either serves as your portfolio manager (“Portfolio Manager”) or has entered into a sub-management agreement with sub-managers who will serve as discretionary manager for the management of accounts in the Program (“Sub-Managers”). The Portfolio Manager or Sub-Manager, neither Ameriprise Financial Services nor your financial advisor, will exercise discretion in your Account, which means the Portfolio Manager or Sub-Manager will determine which securities to purchase or sell within your Account.

For this Program, you will pay an annual asset-based fee (“Program Fee”) for investment advisory services and, among other things, the execution of transactions in a brokerage account.

Ameriprise Financial Services is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and as a broker-dealer under the Securities Exchange Act of 1934 (“Exchange Act”). The Program is subject to the Advisers Act.

Certain services in connection with this Program are performed on behalf of Ameriprise Financial Services by your financial advisor. These services include the following:

- Providing ongoing assistance in defining the parameters that will form the basis for the management of your Account, including your financial and risk profile information and any investment objectives (“Client Information”);
- Reviewing and providing advice on any Sub-Manager, and its strategy, performance and investment style;
- Serving as a liaison between you and Lockwood;
- At least annually, conducting a review of your Client Information to determine whether there have been any changes in your financial situation or investment objectives, and whether you wish to impose any reasonable restrictions, or reasonably modify existing restrictions on the management of your Account; and
- Periodically reviewing and assessing your Account(s) to answer any questions that you may have.

#### **Client Rights and Responsibilities**

- You may impose reasonable restrictions on your Account by completing and signing the

appropriate documentation as prescribed by PAS. These reasonable restrictions will not be binding on the Account until they are received and accepted by Lockwood and, where applicable, any Sub- Manager for the Account.

- You are responsible for promptly notifying your financial advisor in writing of any changes to these reasonable restrictions. Changes to the reasonable restrictions will not be binding on the Account until they are received and accepted by Lockwood and, where applicable, any Sub-Manager for the Account.
- Periodically, you will be notified in writing to contact your financial advisor if there have been any changes in your financial and risk profile information and investment objectives, and/or reasonable restrictions. It is your responsibility to promptly notify your financial advisor, in writing, of any changes. Failure to do so could affect the services provided to you.
- Review this Disclosure Brochure, the Lockwood Disclosure Brochure and, if applicable, any Sub-Managers’ Disclosure Brochure, as well as the applicable strategy/portfolio fact sheets prior to investing.

## **Managed Account Services Provided by Lockwood and Sponsor**

Ameriprise Financial Services offers certain Managed Account Services that are available through a platform offered by Lockwood. Lockwood is a non-affiliated investment adviser. These Managed Account Services include Lockwood Separately Managed Accounts, Lockwood Investment Strategies, and Lockwood Asset Allocation Portfolios, as described below. In connection with the Managed Account Services, the various services provided by Lockwood may include:

- Providing access to SMA investment managers (“Sub-Managers”). These Sub-Managers have entered into a sub-management agreement with Lockwood to provide discretionary Account management services.
- Providing discretionary account management services. Lockwood has access to model portfolio strategies provided by sub-advisers (“Sub-Advisers”).
- Providing administrative and/or trading services as directed by a Sub-Manager or Sub-Adviser.
- Facilitating the asset allocation recommendations and helping to identify Sub-Managers, Sub-Advisers, mutual funds and/or ETFs for the Accounts, considering factors it deems relevant,

including but not limited to, your investment objectives, risk tolerance and time horizon.

- Rebalancing services to maintain your Account's asset allocation.
- Acting on any reasonable restrictions that you may impose on the management of your Account(s) including designation of particular securities or types of security that you do not want purchased for the Account(s). Lockwood and/or Sub-Managers must accept any reasonable restrictions before they will be binding on your Account(s).
- Providing consolidated performance reporting on a quarterly basis through access to Performance Link, which is an optional additional service provided by Lockwood.

### **Inclusion and Management of Sub-Managers by Lockwood**

Ameriprise Financial Services relies upon Lockwood for analysis and information and the identification, selection and monitoring of the various Managed Account Services offered through the Program. Lockwood seeks to offer a wide variety of asset allocation strategies with a wide range of investment objectives and risk tolerances. Some strategies may be high-risk strategies and usually have the potential for substantial returns; however, there are correspondingly significant risks involved in the strategies. Such strategies are not intended for all investors. Clients who choose to follow high-risk strategies should know that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies.

It is strongly recommended that you diversify your investments and not place all of your investments in high-risk investment strategies. Lockwood reviews the investment strategies and performance of a wide range of Sub-Managers and Sub-Advisers. A description of the various strategies and the risks associated with particular securities and investments that may comprise these strategies is set forth in the Lockwood Disclosure Brochure.

Clients are urged to review Lockwood's Terms and Conditions Agreement and the Lockwood Disclosure Brochure, for more information about its investment advisory services.

### **Due Diligence of Lockwood, Sub-Managers and Sub-Advisers**

Ameriprise Financial Service's research personnel conduct annual reviews of Lockwood (in its capacity as Portfolio Manager), Sub-Managers and Sub-Advisers. This review is based on applicable information gathered from various sources, including information obtained from Lockwood as a result of Lockwood's initial and ongoing due diligence of Sub-Managers and Sub-Advisers, disclosure documents, performance,

assets under management, personnel changes and portfolio turnover. These reviews may result in the removal of a Sub-Manager or Sub-Adviser from the applicable Managed Account Service. If a Sub-Manager or Sub-Adviser is removed from one or more Managed Account Services, you and your financial advisor will receive notice. Upon such notice, you will no longer be permitted to continue your participation in the Program and you must work with your financial advisor to terminate your Account. Please refer to your Brokerage Account Agreement for more information regarding termination of your Account.

### **Financial Advisor review of Accommodated Account(s)**

Neither Ameriprise Financial Services, your financial advisor, Lockwood, nor Sub-Manager will monitor day-to-day performance of your Account. Your financial advisor will contact you at least annually to determine whether there have been any changes to your Client Information. In connection with this process, your financial advisor will review the performance and compatibility of your Account, and may also provide research and analysis regarding Lockwood, the Sub-Managers, or the Sub-Advisers, as applicable. If necessary, your financial advisor will then inform Lockwood if any information contained in the Client Information has changed or if you wish to make any other changes with respect to the Account. Your financial advisor will provide any updated information to Lockwood, who will in turn provide it to the Sub-Manager, if applicable.

## **Lockwood Separately Managed Accounts**

Lockwood Separately Managed Accounts ("Lockwood SMA") is a discretionary service in which you own a portfolio of individual securities, managed by one or more professional investment managers ("Sub-Managers") in accordance with a single investment strategy or a combination of complementary investment strategies. The Sub-Manager(s), not your financial advisor, will determine which securities to purchase or sell within your Lockwood SMA. You may impose reasonable restrictions on your Lockwood SMA by working with your financial advisor to complete and sign appropriate documents to reflect your restriction request(s).

### **Review of Sub-Managers by Lockwood**

Lockwood conducts initial and on-going due diligence on each Sub-Manager offered in the Lockwood SMA Service. The Sub-Managers utilized by Lockwood may be considered "covered" or "non-covered" depending on the level of due diligence performed by Lockwood. Lockwood in its sole discretion determines if a Sub-Manager will be considered "covered" or "non-covered."

Lockwood makes available information received from industry databases, such as Morningstar, regarding



the Sub-Managers to your financial advisor. This information may help your financial advisor to identify the strengths and weaknesses of each of the Sub-Managers. Your financial advisor will be responsible for determining whether he or she has sufficient information about Sub-Managers in order to recommend the Lockwood SMA Service and one or more of the Sub-Managers to you.

## **Lockwood Investment Strategies**

Lockwood Investment Strategies (“LIS”) is a discretionary, multi-discipline managed account product which is housed in a single portfolio. LIS consists of five core models and variations thereto based on Lockwood’s proprietary modeling strategy, from which you may select for your Account, as you and your financial advisor decide is appropriate. Lockwood is the overlay manager and initially determines asset allocation and specific investment vehicles and thereafter various third party sub-advisers (“Sub-Advisers”) provide strategy-specific models, and, from time to time, individual securities for asset allocation when Lockwood seeks active securities selection. Lockwood exercises discretion in your LIS Account. For more information on each of the models available in your LIS Account, please refer to the Lockwood Disclosure Brochure.

### **Review of Sub-Advisers and products by Lockwood**

Lockwood evaluates each Sub-Adviser, mutual fund, ETF and other investment vehicle, for inclusion in the LIS service. Lockwood makes available information received from industry databases, such as Morningstar, regarding the Sub-Advisers and/or products offered in the LIS service to your financial advisor. This information may help your financial advisor to identify the strengths and weaknesses of each of the Sub-Advisers and/or products. Your financial advisor will be responsible for determining whether he or she has sufficient information about Sub-Advisers and products offered in order to recommend the LIS service to you.

## **Lockwood Asset Allocation Portfolios**

Lockwood Asset Allocation Portfolios (“LAAP”) is a discretionary mutual fund and ETF wrap account product in which you own a portfolio of individual investment vehicles managed by Lockwood as portfolio manager (“Portfolio Manager”). Lockwood, as Portfolio Manager, determines asset allocation strategy and selects investment vehicles for your LAAP portfolio based on its proprietary approach to asset allocation. 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.

### **Review of products by Lockwood**

Lockwood evaluates each of the mutual funds, ETFs and other investment vehicles, for inclusion in the LAAP service. Lockwood makes available information received from industry databases, such as Morningstar, regarding the products offered in the LAAP service to your financial advisor. This information may help your financial advisor to identify the strengths and weaknesses of each of the products.

Your financial advisor will be responsible for determining whether he or she has sufficient information about the products offered in order to recommend the LAAP service to you.

## **Supplementary Program Information**

### **Investment and market risk**

You should understand that:

- All investments involve risk (the amount of which may vary significantly).
- Investment performance can never be predicted or guaranteed.
- The market value of an Account will fluctuate due to market conditions and other factors such as liquidity and volatility.
- There is no guarantee that an Account will meet its objective.
- A Portfolio Manager’s, Sub-Manager’s, or Sub- Adviser’s past performance does not predict future performance with respect to any Account described in this Disclosure Brochure.
- All trading in your Account will be at your risk.
- None of Ameriprise Financial Services, your financial advisor, Lockwood, your Sub-Manager, or a Sub-Adviser warrants or otherwise guarantees any rate of return, market value or performance of any assets in your Accommodated Account(s).

Some strategies may be high-risk strategies and usually have the potential for substantial returns; however, there are correspondingly significant risks involved in such strategies. Such strategies are not intended for all investors. Clients who choose to follow high-risk strategies should know that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly recommended that you diversify your investments and do not place all of your investments in high-risk investment strategies. Clients are directed to review the Lockwood Disclosure Brochure for a description of the various strategies offered under the Program and the risks associated with such strategies.

### **Sources of information**

In general, investment managers conduct securities analysis using the services of research analysts from their respective investment research departments. Among the various sources of information utilized by these research analysts and other investment management personnel are:

- information prepared by companies;
- meetings with outside analysts;
- informational interviews at companies;
- corporate rating services;
- financial and industry trade publications;
- research materials prepared by a wide variety of financial services sources; and
- economic reports and government services.

In addition, for mutual funds, mutual fund analysts may also use the following sources of information:

- conferences with mutual fund advisors;
- mutual fund rating and performance services;
- asset allocation tools;
- training and marketing materials;
- prospectuses and annual reports for the investment;
- product materials (some of which are created by Ameriprise Financial Services or affiliates); and
- market commentary (some of which may be provided by Ameriprise Financial Services affiliates).

In addition, your financial advisor may also utilize research produced by Ameriprise Financial Services or its affiliates, such as material prepared by the Ameriprise Investment Research Group or from third parties that have been approved by Ameriprise Financial Services when providing investment advice within an Account.

Although the information and data is believed to be accurate, Ameriprise Financial Services and its financial advisors do not independently verify third-party information. Neither Ameriprise Financial Services nor its financial advisors guarantees the accuracy, completeness or timeliness of any such information nor do they imply any warranty of any kind regarding the information provided.

### **Unapproved third-party sources of information**

From time to time, financial advisors may access research, models, investment tools or other material from unapproved third parties for the purposes of general education, staying current on industry trends or developing potential investment ideas that meet Ameriprise Financial Services' due diligence standards. The only information from these sources that may be shared with you is general market commentary or non-security

information once the individual pieces have been approved for use by Ameriprise Financial Services.

### **Transaction execution, reports and account review**

In order to participate in this Program, you will establish and maintain a brokerage account with PAS. Pershing LLC ("Pershing") is the clearing agent for PAS's accounts and will act as custodian for the Accounts. PAS and Pershing are affiliates of Lockwood. Neither Ameriprise Financial nor your financial advisor will act as custodian for your Account or take possession of any assets in your Account. Additionally, PAS has the responsibility to seek best execution with respect to purchase and sale transactions in your Account.

Pershing provides custody and safekeeping services for Account assets and will ordinarily act as the custodian for all assets held in an Account. Services provided by Pershing in this capacity are provided pursuant to a separate agreement between you and Pershing/PAS.

Because Pershing and PAS maintain custody of our clients' assets, we are required by SEC rule to obtain from PAS and Pershing, at least annually, a written internal control report by a qualified independent public accountant. The report that we receive from PAS and Pershing is intended to show that PAS and Pershing have established appropriate custodial controls with respect to clients' assets under custody.

### **Margin and pledging assets**

Margin and pledging of Program assets are not permitted in your Account.

### **Death of an Account holder**

In the event that your financial advisor receives notice that an account holder of an individual Account has died, your financial advisor will notify Lockwood and wait for instructions from the executor or designated administrator. Ameriprise Financial Services is not responsible for taking any action with respect to such Account in the event of the death of an account holder.

In the event that your financial advisor receives notice that an account holder of an Account held in some form of joint ownership has died, your financial advisor will notify Lockwood. Please note that Lockwood may impose additional conditions to continue the ownership and any related management of the Account.

### **Tax consequences**

There may be tax consequences associated with transactions in your non-retirement Account, such as capital gains or losses. Lockwood, Sub-Managers and Sub-Advisers may, in exercising their investment discretion, determine to sell all or a substantial portion of the securities or other assets in an Accommodated Account(s). There may be other taxable income, for example, dividends.



Payment of a Program Fee may produce accounting, bookkeeping and/or income tax results that are different from those resulting from the payment of securities transaction-based commissions or other charges on a transaction-by-transaction basis. The tax treatment may differ if the investment is in tax-exempt municipal bonds.

You will not receive any year-end tax information from Ameriprise Financial Services or from your financial advisor; PAS will be responsible for providing, or causing to be provided, all tax documents related to your Account. You should understand that neither Ameriprise Financial Services nor your financial advisor provides tax advice or any tax preparation services. Clients seeking tax advice are urged to seek the advice of a professional tax advisor. You will be responsible for any tax liabilities associated with your Account.

### **Special considerations for retirement Accounts**

Your financial advisor may discuss, present or offer ideas for you to consider related to the allocation of retirement assets among one or more Accounts. Such communications are offered as education, marketing and examples of the potential uses of these Accounts for purposes of discussion and for your independent consideration, and should not be viewed, construed or relied upon, as investment or fiduciary recommendations or advice under ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Additionally, if in connection with discussing, presenting or offering particular Accounts to you, we provide you with a sample or proposed asset allocation, including one that identifies specific securities or other investments, such asset allocation is merely an example of, or proposal for, the fiduciary advice and recommendations that may potentially be made available through the Account once you decide to establish in the Account, and should not be relied upon as investment or fiduciary advice or a recommendation under ERISA or the Internal Revenue Code. Ameriprise Financial Services and its financial advisors may be subject to limitations with respect to the revenue they receive in connection with Accounts of retirement or other tax-favored savings plans.

Neither Ameriprise Financial Services nor your financial advisor has any authority, duty or responsibility with respect to any retirement account, securities, funds or other assets that are not part of your Account, and that Sponsor will not take any such assets, or the manner in which such assets are invested, into account in providing services to your Account.

Ameriprise Financial Services and its financial advisors may be subject to limitations with respect to the revenue they receive in connection with Accounts of retirement or other tax-favored savings plans.

Retirement account clients are not permitted to open or maintain a margin account with any broker or dealer for the purposes of effecting Account transactions on margin. Retirement account clients are also precluded from pledging assets held in a Account. For additional information regarding special considerations that may apply to retirement accounts, please refer to the *Ameriprise® Lockwood Accommodation Program Terms and Conditions* and other applicable agreements.

### **Confirmations and reports**

You will receive periodic statements and trade confirmations from PAS or Pershing reflecting all transactions in cash and securities, deposits and withdrawals of principal and income, fees and expenses charged at the Account level, securities in custody held in an Account, and a record of cost-basis and unrealized/realized gains and losses information for those securities. In making valuation determinations, PAS or Pershing may rely on the services of a third-party pricing service for such valuation.

## **Fees and Compensation**

### **Program and other fees**

The Program is an investment advisory service fee program in which you are charged an asset-based investment advisory fee ("Wrap Fee"). The Wrap Fee includes the Program Fee, the fee you will pay your financial advisor for advisory services ("Advisory Fee"), and any other applicable fees, as described below or in the Lockwood Disclosure Brochure. The fees associated with your Account are described below. Please note that the Wrap Fee you pay reduces the overall performance (total return and yield) of your Account.

### **Program Fees**

The Program Fee you pay on each Account established is based on the Program Fee Schedule below, and is for the services provided under the Program by Lockwood, Pershing, PAS, and any Sub-Managers or Sub-Advisers. The Program Fee Schedule does not include the Advisory Fee you will pay your financial advisor. The SMA Program Fee shown in the Program Fee Schedule also assumes that Sponsor will be paid a firm fee ("Firm Fee"); however, Ameriprise Financial Services has waived its Firm Fee under the Program, and therefore the actual SMA Program Fee will be lower than the fee shown in the Program Fee Schedule. The Program Fee does not cover additional charges such as wire transfer fees, fees associated with executing certain trades in foreign markets, or commissions for trades executed by broker-dealers other than Pershing

(see “**Other Fees**” below). The Program Fee is negotiable, as described in the Lockwood Disclosure Brochure, and the Advisory Fee paid to your financial advisor is negotiable between you and your financial advisor. In addition to the Program Fee, the Advisory Fee, and other charges as noted above, you may be charged a fee as set forth below for the use of Performance Link, a consolidated performance reporting system. Any fees you pay reduce the overall value of and net performance of your Account.

Your financial advisor will receive compensation for your participation in the Program. The amount of this compensation may be more or less than what your financial advisor would receive if you paid separately for investment advice, brokerage and other transaction-based services. Therefore, your financial advisor may have a financial incentive to recommend the Program over a transaction-based brokerage account.

Please review the information contained in the Lockwood Disclosure Brochure for additional information regarding the various fees associated with your participation in this Program.

#### Program Fee Schedule:

Household Account Size	LIS Program Fee	LAAP Program Fee	SMA Program Fee	
			Equity and balanced styles	Fixed Income styles
First \$500,000	0.75%	0.40%	0.95%	0.57%
Next \$500,000	0.55%	0.35%	0.90%	0.54%
Next \$4,000,000	0.40%	0.30%	0.85%	0.51%
Next \$5,000,000	0.35%	0.25%	0.75%	0.47%
Over \$10,000,000	0.30%	0.20%	0.75%	0.47%

If you have more than one Account in the Program, the values of your Accounts may be combined for the purposes of calculating the Program Fee. For Accounts to combine, Ameriprise requires each Account to be part of the same Household. “Household” is defined as an individual, his or her spouse or domestic partner, and the unmarried children under age 21 who reside at the same address. Fees may be reduced when your Program Fees are determined on a Household level.

#### Performance Link Fee Schedule:

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

There will be a minimum Performance Link Fee of \$35.00 per calendar quarter, and a maximum Performance Link Fee of \$62.50 per calendar quarter.

Lockwood reserves the right, in its sole discretion, to negotiate or modify the basic Program Fee schedules set forth herein and as described more fully in the Lockwood Disclosure Brochure for any Client due to a variety of factors including, but not limited to, the level of reporting and administrative services required to service an Account, the investment strategy or style, the number of Accounts involved and/or the number of services provided to the Client.

#### Billing methodology

The initial Wrap Fee will be calculated and debited on the day after initial Program assets are transferred into the Program with PAS and will be the Wrap Fee for the first calendar quarter (or part thereof) in which you participate in the Program. The initial Wrap Fee for any partial calendar quarter will be appropriately pro-rated based on the number of calendar days in the partial quarter. Thereafter, the Wrap Fee will be calculated at the beginning of each calendar quarter based on the value of Program assets on the last business day of the prior calendar quarter. If you invest \$5,000 or more in any Account after the inception of a calendar quarter, the Wrap Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment. No adjustment will be made for interim withdrawals. The Wrap Fee for each quarter will equal (on an annualized basis) the percentage set forth in the Wrap Fee Schedule, of the fair market value of the Program assets in the applicable category (including interest paid or accrued) as calculated on the last business day of the previous calendar quarter.

Ongoing Wrap Fees will be calculated based on the market value of the assets in the Account as of the last business day of the previous billing cycle. No adjustment will be made to the fee throughout a billing cycle for appreciation or depreciation in the value of the Account. All fees are negotiable and are subject to change upon written notice from Lockwood.

Your total cost of each of the services provided through the Program, if purchased separately, could be more or less than the cost of participating in the Program. Cost factors could include your ability to independently select, retain and monitor professional portfolio management and to obtain reports similar to those provided through the Program, among other factors. You should also weigh the amount of trading activity you anticipate when considering the overall costs of the Program. Additional terms and provisions are contained in the Lockwood Terms and Conditions, Pershing Brokerage Account Agreement, and the Ameriprise Lockwood Accommodation Program Terms and Conditions.

### Allocation of Wrap Fees

A portion of the Wrap Fee paid in connection with each Account is allocated between Lockwood, Pershing, PAS, your financial advisor and your Sub-Manager(s). The portion of the Program Fee allocated to your financial advisor may also be impacted by your financial advisor's participation within an advisor team. See subsection entitled **"Shared compensation" in the "How our advisors get paid"** section, below. The portion of the Wrap Fee allocated to the Sub-Manager is based upon the percentage fee rate contained in the sub-management agreement between the Sub-Manager and Lockwood. For additional information regarding payment to Sub-Managers please refer to the Lockwood Disclosure Brochure and any Sub-Managers' Form ADV Part 2A ("Sub-Manager Disclosure Brochure").

### Other fees

The Wrap Fee you pay in connection with each Account is primarily for investment advisory services, the execution of transactions and related Program services, such as custody of securities and account reporting. Under certain circumstances and in connection with the purchase of certain investment vehicles such as mutual funds or ETFs or other types of securities under the Managed Account Services, you may be assessed fees in addition to the Wrap Fee charged to your Account. These investment costs are the underlying fees related to investment products you purchase within your Account. These may include investment management fees and distribution fees charged by mutual fund firms and other fees that are disclosed in the fund prospectus or other offering document. They are paid indirectly by you, for example, as a shareholder in a mutual fund, through the product. They are not a direct fee deducted from your Account. Investment costs reduce the value of your investment in the product and reduce the investment performance of your Account. Examples of the types of fees and charges that you may pay, in addition to the Wrap Fee, to the extent they are incurred in connection with your Account, are described in the Lockwood Disclosure Brochure.

Please see the Program Documents (as defined in the section of this Brochure entitled **"Participation in the Program"**) for a summary of the service fees that may be charged in connection with your Account. It is your responsibility to understand all fees, expenses and other charges prior to investing or participating in any product or service. All fees are subject to change.

Please contact your financial advisor if you have any questions about the types of incremental fees and expenses that may be associated with your participation in the Program.

### Other investment advisory services

Your financial advisor may offer ongoing financial planning or other services outside of the Program for additional fees. In considering other investment advisory services and products you may purchase, you should consider the aggregate costs and expenses of all such services and products as a whole. These Wrap Fees are separate from and in addition to any investment advisory accounts you hold on Ameriprise Financial Services' platform, or financial planning fixed fee under any Ameriprise Financial Planning Service Agreement. Please refer to Part 2A of *Ameriprise Managed Account Client Disclosure Brochure*, or the *Ameriprise Financial Planning Service Form ADV* for

a description of any separate advisory service, and the fees, compensation and other policies associated with it.

## Account requirements and types of clients

### Participation in the Program

To participate in the Program, you will be asked to read and/or complete the following documents ("Program Documents"):

- Lockwood Advisors, Inc. Terms and Conditions (Lockwood Sponsored Program) ("Lockwood Terms and Conditions")
- Lockwood Risk Tolerance Questionnaire
- Lockwood Investment Advisory Profile and Agreement
- Lockwood Account Profile and Investment Selection Summary
- Ameriprise Lockwood Accommodation Program Terms and Conditions
- Pershing Advisor Solutions LLC Brokerage Account Agreement
- Disclosure Brochure
- Lockwood Disclosure Brochure
- Sub-Manager Disclosure Brochure

### Primary conditions for transferring into the Program:

- Transfer your existing SMA(s) by reviewing and completing all applicable documentation.
- Maintain the minimum balance required by the Managed Account Service you have selected.
- If your Account value falls below the Managed Account Service's minimum account requirement, your Account may be subject to termination.

Account minimum requirements will vary. For a Lockwood SMA, each Sub-Manager will set its own Account minimum requirements and generally, most Sub-Managers will not accept an Account with less than \$100,000 (a schedule of Sub-Managers and their respective Account minimum requirements is set forth in the Lockwood Disclosure Brochure). The current Account opening minimum for an LIS Account is \$250,000 and for an LAAP Account is \$50,000. If an Account falls below the required minimum, Lockwood will notify your financial advisor and you may be required to bring your Account to the current minimum requirement within 30 days in order to avoid termination of your Account. The Lockwood Disclosure Brochure contains additional information about Account minimum requirements.

If you have imposed any reasonable restrictions on your Account, you are responsible for notifying your financial advisor at the time your Account is transferred. If you wish to impose new restrictions

or change your existing restrictions, you must provide written notice to your financial advisor of changes to your reasonable restrictions. Upon receipt of such information, your financial advisor will notify Lockwood. Changes to your reasonable restrictions will not be binding on Lockwood or a Sub-Manager until they have been accepted by Lockwood or such Sub-Manager. Neither Lockwood nor a Sub-Manager is required to accept the requested reasonable restrictions.

Periodically, you will be notified, in writing, to contact your financial advisor if there have been any changes in your Client Information and/or reasonable restrictions. It is your responsibility to promptly notify your financial advisor, in writing, of any changes. Failure to do so could affect the services being provided to you under the Program.

## Termination of your Program Agreement

Review the Ameriprise Lockwood Accommodation Terms and Conditions and the Lockwood Sponsored Program Terms and Conditions for information regarding termination of your participation in the Program.

# Investment Manager Selection and Evaluation

## Client Information provided to Investment Managers and PAS

### **Acceptance by and Authority of Investment Managers and PAS**

Your financial advisor will assist you in completing your Client Information along with the Lockwood Investment Selection Summary, Investment Advisory Profile Agreement, and Lockwood Terms and Conditions (collectively, the "Advisory Agreement"). The Advisory Agreement will be submitted to Lockwood for review and acceptance. Additionally, your financial advisor will assist you in completing the PAS Brokerage Account Application and Agreement and any related forms as PAS may prescribe (collectively, "Brokerage Agreement"). The Brokerage Agreement will be submitted to PAS for its review and acceptance. Where Lockwood does not serve as the Portfolio Manager of your account, the Advisory Agreement will be provided to Sub-Managers, each which may determine whether to accept or reject the transfer of an existing client and related Account based upon this information. As previously documented in this Disclosure Brochure, Lockwood and/or Sub-Managers will have full power

and discretionary authority to act on behalf of your Account with respect to purchases, sales and other transactions in any and all securities and instruments.

## Client Contact with Investment Managers

Contacting Lockwood or your Sub-Manager. Once your Account is transferred and accepted, your financial advisor will be your primary source of support in addressing any questions or concerns relating to the Program and your Account. Although Ameriprise Financial Services imposes no limitations on your ability to consult with Lockwood directly, and Lockwood has agreed to ensure that personnel who are knowledgeable about each Account and its management are reasonably available to consult with you, you are encouraged to first contact your financial advisor with any questions or concerns.

# Additional Information

## Disciplinary information

Below is notice of certain regulatory and legal settlements entered into by Ameriprise Financial Services or its predecessor, American Express financial advisors Inc. ("AEFA"):

Regulatory proceedings  
Ameriprise Financial Services entered into each of the regulatory settlements listed below without admitting or denying the allegations.

Securities and Exchange Commission ["SEC"] and Financial Industry Regulatory Authority ("FINRA") (fka NASD) Actions

In August 2018, Ameriprise Financial Services reached a settlement with the SEC regarding allegations that from 2011 through 2014 the firm failed to adopt and implement policies and procedures reasonably designed to safeguard retail investor assets against misappropriation and failed to reasonably supervise five representatives with a view to preventing and detecting violations of certain federal securities laws by these representatives. The firm agreed to pay a civil penalty amount of \$4.5 million. The firm further reimbursed all impacted clients for the losses they incurred due to the misconduct. The firm also took steps to enhance policies, procedures and controls related to the safeguarding of client assets against theft or misappropriation by its associated persons and voluntarily retained a compliance consultant to assess and confirm the reasonableness of these policies, procedures and controls.



In December 2017, Ameriprise Financial Services reached a settlement with the SEC regarding allegations that from December 2010 through October 2013, the firm negligently relied on misrepresentations made by FSquaredInvestments, Inc. regarding certain of its ETF portfolios and, as a result, the firm made false statements about the portfolios in certain advertisements. The SEC also alleged that the firm had failed to adopt and implement written compliance policies and procedures reasonably designed to prevent the alleged violations. The firm agreed to pay a disgorgement amount of \$6.3 million plus prejudgment interest of \$700,000 and a civil penalty amount of \$1.75 million.

In September 2016, Ameriprise Financial Services reached a settlement with FINRA regarding allegations that between October 2011 and September 2013 the firm failed to detect and prevent the conversion, via wire transfers, of more than \$370,000 from five of its customers by one of its registered representatives.

The customers were family members of the registered representatives. FINRA also alleged this went undetected because the firm failed to establish, maintain, and enforce a supervisory system that was reasonably designed to review and monitor the transmittal of funds from accounts of customers to third parties, including those controlled by registered representatives of the firm. The firm paid restitution and a fine of \$850,000.

In March 2011, Ameriprise Financial Services reached a settlement with FINRA regarding allegations related to the timeliness of the firm's investigation of a financial advisor who forged signatures on a number of client documents from January 2003 through October 2007. FINRA alleged that Ameriprise first became aware of the potential forgeries in December 2005 but did not complete its investigation until April 2008. Ameriprise agreed to a fine of \$50,000.

## Other Financial Industry Activities and Affiliations

Ameriprise Financial Services is a subsidiary of **Ameriprise Financial, Inc.** and conducts its activities directly and through its affiliates. These activities may be material to its investment advisory business or its investment advisory clients. These affiliates include companies under common control with Ameriprise Financial Services by virtue of their status as direct or indirect subsidiaries of Ameriprise Financial, Inc. The information below provides you an overview of the

Ameriprise Financial, Inc. companies. These companies work together to offer you financial products and services designed to help you reach your financial goals.

### Broker-dealer

**Ameriprise Financial Services, LLC**, is a registered investment adviser and broker-dealer with the SEC, and is authorized to engage in the securities business in all 50 states as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Ameriprise Financial Services is also a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). In its capacity as a broker-dealer, Ameriprise Financial Services distributes or receives compensation from selling various products including but not limited to equities and fixed income products including corporate bonds and municipal securities mutual fund shares, ETFs, 529 Plans, face-amount certificates, closed-end funds, preferred securities, unit investment trusts ("UITs"), non-traded REITs, non-traded business development companies ("nontraded BDCs"), non-traded closed end funds, hedge fund offerings, structured products, real estate private placement offerings, exchange funds, private equity offerings, fixed and variable annuities, and fixed and variable life insurance. Ameriprise Financial Services also sells managed futures funds that engage in trading commodity interests, including futures. Ameriprise Financial Services is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity trading advisor, and has obtained membership with the National Futures Association in connection with such CFTC registration.

In addition, Ameriprise Financial Services is the principal underwriter and distributor of the publicly offered face-amount certificates issued by Ameriprise Certificate Company. Ameriprise Financial Services also may serve as an underwriter or member of a selling group for securities offerings, including those issued by affiliates.

Retail brokerage services are made available through Ameriprise Financial Services, which has an agreement with American Enterprise Investment Services, Inc. ("AEIS"), a registered broker-dealer and an affiliate of Ameriprise Financial Services. Ameriprise Financial Services requires clients to agree in their client agreements that their account(s) are introduced by Ameriprise Financial Services to AEIS on a fully disclosed basis, and that securities purchase and sale transactions in their account(s) shall be directed through AEIS. You should consider that not all investment advisory firms require clients to direct execution of transactions through a specific broker-dealer. Brokerage accounts are carried by, and



brokerage transactions are cleared and settled through, AEIS, subject to AEIS policies to assure that the resultant price to the client is as favorable as possible under the prevailing market conditions.

For purposes of Form ADV Part 2, certain Ameriprise Financial Services management persons are registered representatives of Ameriprise Financial Services in its capacity as a broker-dealer, registered representatives of American Enterprise Investment Services Inc, and are associated persons of Ameriprise Financial Services in its capacity as a commodity trading advisor.

Ameriprise Financial Services approves and opens accounts and accepts securities order instructions with respect to the accounts. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides custody, record keeping and all clearing functions for accounts. AEIS serves as Ameriprise Financial Services' clearing agent in providing clearing and settlement services for transactions that are executed for customers of Ameriprise Financial Services. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides execution, custody, record keeping and all clearing functions for certain advice-based accounts.

Investment products are not federally insured or insured by the Federal Deposit Insurance Corporation ("FDIC"), are not deposits of or guaranteed by, any financial institution, and involve investment risks including possible loss of principal and fluctuation in value. Cash held in brokered CDs, and certain structured CD products held in a brokerage account are insured by FDIC up to applicable limits.

In addition, AEIS may act as an agent in effecting securities transactions for the Bank accounts.

**AMPF Holding Corporation**, an indirect wholly-owned subsidiary of Ameriprise Financial Services and AEIS.

**Columbia Management Investment Distributors, Inc.** ("Columbia Management Investment Distributors"), an indirect wholly-owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as principal underwriter and distributor of registered open-end investment companies and other funds advised by affiliated companies, Columbia Management Investment Advisers, LLC ("Columbia Management Investment Advisers") and Columbia Wanger Asset Management, LLC, ("Columbia Wanger Asset Management") (collectively, "Columbia Management" or "Columbia"). These investment companies are collectively referred to as the "Columbia Funds."

**RiverSource Distributors, Inc.** ("RiverSource Distributors"), a wholly-owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as

principal underwriter and distributor of RiverSource® variable life insurance and annuities on behalf of RiverSource Life Insurance Company ("RiverSource Life"), and RiverSource Life's whollyowned subsidiary of, RiverSource Life Insurance Co. of New York ("RiverSource Life of NY") (collectively, "RiverSource"). Ameriprise Financial Services has selling arrangements with RiverSource Distributors to distribute these products.

#### Investment company

Ameriprise Financial Services has arrangements with Ameriprise Certificate Company to distribute and sell its face-amount certificates and selling arrangements with Columbia Management Investment Distributors to distribute the Columbia Funds.

#### Investment advisory firm

**Columbia Management Investment Advisers** is registered as an investment adviser with the SEC. Columbia Management Investment Advisers provides investment management services to:

- Columbia Funds, as well as the Columbia ETFs, closed-end funds and private funds
- Ameriprise Certificate Company
- RiverSource, as well as the Columbia Funds underlying certain variable contracts issued by RiverSource
- Various Wrap Program Sponsors, including Ameriprise Financial Services
- Other affiliated and unaffiliated clients

Ameriprise Financial, Inc. has other subsidiaries that are registered as investment advisers with the SEC, including Threadneedle International Limited, Columbia Wanger Asset Management and Lionstone Partners, LLC. These subsidiaries are registered as investment advisers and may provide advice to domestic and foreign institutional clients, the Columbia Funds, Columbia ETFs, Columbia closed-end funds private funds and other fiduciary clients. These entities provide services independent from Ameriprise Financial Services. Columbia Management and its affiliates Threadneedle Asset Management Ltd, (U.K. based), Threadneedle Investments Singapore (Pte.) Limited (Singapore based), Columbia Threadneedle Malaysia SDN, BHD (Malaysia based), and Columbia Threadneedle Investments (ME) Limited (Dubai based) operate under a combined global asset management brand, Columbia Threadneedle Investments.

#### Banking Institution

**Ameriprise Bank, FSB** ("Ameriprise Bank"), an Ameriprise Financial, Inc. company and an affiliate of Ameriprise Financial Services, has received

regulatory approval for its federal savings bank charter. Ameriprise Bank currently provides personal trust services to clients, including trustee and investment management services for asset trusts and irrevocable life insurance trusts. In addition, Ameriprise Bank provides investment management and custodial agency services for individual, individual trustee, association and non-profit organization accounts. Ameriprise Bank will provide access to deposit and lending products and services in addition to personal trust services.

Ameriprise Financial Services establishes custodial accounts and accepts securities order instructions for trust accounts at Ameriprise Bank. In addition, Ameriprise Financial Services may provide investment advice and research support to Ameriprise Bank and its clients for these trust accounts. Ameriprise Bank has partnered with Elan Financial Services to make available Ameriprise co-branded credit cards. Ameriprise Bank offers an Ameriprise Rewards Program associated with the use of the credit cards.

#### Trust Company

**Ameriprise Trust Company** (“ATC”), a Minnesota chartered trust company, provides custodial, investment management, and collective trust fund services for employer-sponsored retirement plans, including pension, profit sharing, 401(k) and other qualified and nonqualified employee retirement plans. ATC also serves as custodian for IRAs, 403(b)s and some retirement plans qualified under section 401(a) of the Internal Revenue Code of 1986. ATC is not a deposit bank or a member of FDIC.

#### Insurance company

Insurance products sold by Ameriprise Financial Services and its financial advisors are issued primarily by **RiverSource Life Insurance Company**, a stock life insurance company that is qualified to do business as an insurance company in the District of Columbia, American Samoa and all states except New York; and in New York only, issued by **RiverSource Life Insurance Co. of New York**, a stock life insurance company that is qualified to do business as an insurance company in New York. The products of RiverSource Life and RiverSource Life of NY include structured fixed (RiverSource Life only) and variable annuities, fixed and variable life insurance, disability income insurance and life insurance with long-term care benefits. Insurance products are also offered by other third parties through an arrangement with Ameriprise Financial Services and through Diversified Business services and Crump Insurance Services, Inc., which act as co-general agents.

**Ameriprise Financial Institutions Group** (“AFIG”) is a marketing group within Ameriprise Financial Services

that specialize in delivering investment programs to clients on the premises of financial institutions, such as banks and credit unions. Ameriprise Financial Services enters into a networking arrangement with each financial institution whereby AFIG financial advisors provide investment advisory services, brokerage services and/or insurance products to clients of the financial institution and other persons or entities otherwise that may be introduced or referred to us by the financial institution. The financial institution provides office space in the building where the financial institution conducts its business for Ameriprise Financial Services for AFIG financial advisors to provide investment advisory and other services on our behalf. As a part of the contractual arrangement with the financial institution, Ameriprise Financial Services shares with the financial institution a portion of up to 91% of fees and commissions, including Wrap Fees charged for investment advisory services, generated by financial advisors and which are attributable to our operations on the premises. A portion of these fees are paid, in some instances to financial institution employee financial advisors, as described below.

All AFIG financial advisors are licensed and registered through Ameriprise Financial Services. Ameriprise Financial Services has exclusive control over the activities conducted on our behalf on the premises of the financial institution and is responsible for the supervision of the activities of AFIG financial advisors. AFIG financial advisors are affiliated with Ameriprise Financial Services in one of three ways: independent contractors, Ameriprise employee financial advisors and financial institution employee financial advisors. Bank employee financial advisors are compensated by the financial institution from the portion of fees and commissions it receives from Ameriprise Financial Services. In this instance the financial institution serves as paying agent on our behalf for such compensation in accordance with applicable law. The level of compensation received by financial institution employee financial advisors is based on their employment agreement with the financial institution.

Ameriprise Financial Services does not pay any other compensation to any non-registered employee or agent of the financial institution for referrals. Any referral fees are paid by the financial institution to its employees or agents as a one-time, per-customer fee of a nominal, fixed dollar amount that is unrelated to the products and services you purchase.

AFIG financial advisors who provide services at a financial institution that does not have an existing Trust Department can offer trust services through other providers, including our affiliate, Ameriprise National Trust Bank. In certain instances, Ameriprise

Financial Services and the AFIG financial advisor may serve in the capacity of a finder in regard to trust accounts and business referred to unaffiliated trust providers and may receive a referral fee.

**Ameriprise Financial Services is not a bank or credit union. Any services or products you purchase through an AFIG financial advisor are not guaranteed or insured by Ameriprise Financial Services or the financial institution. The financial institution is not a party to your Client Agreement with us. Ameriprise Financial Services and each financial institution have entered into a networking agreement under which we have agreed to share fees and commissions with the financial institution, including Wrap Fees charged for investment advisory services.**

## How Our Financial Advisors Get Paid

**This section should be read in connection with the “Ameriprise®Lockwood Accommodation Program services, fees and compensation” and/or the “Client Referrals and Other Compensation” sections in this Brochure.**

An Ameriprise financial advisor is assigned to every Managed Account Service. The Sponsor has waived its Firm Fee under the Program and does not receive compensation; however, you will pay your financial advisor an Advisory Fee for your participation in the Program. Ameriprise financial advisors have a wide range of business and educational backgrounds. They are required to have appropriate licenses and registrations to transact business, including Financial Industry Regulatory Authority (“FINRA”) registration, required state securities and insurance licenses and, where required, a state investment adviser registration.

Many financial advisors hold advanced academic degrees and/or professional designations, including the Certified Financial Planner™ (CFP®) designation. In addition, ongoing training is available to financial advisors. **For additional important information about an advisor check FINRA BrokerCheck at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or call 800.289.9999.**

Your financial advisor earns a living by providing you with financial advice and product recommendations to suit your goals. To understand how your financial advisor gets paid, you should first know that there are four ways financial advisors can be affiliated with us.

- **Independent contractor franchisees and independent contractors.** These financial advisors are not employed by Ameriprise Financial Services and they do not receive a salary from us.

- **Employee financial advisors.** These financial advisors are employed by Ameriprise Financial Services.

- **Associate financial advisors.** These financial advisors are employed by or contract with the independent contractor franchisees and they do not receive a salary from Ameriprise Financial Services.

- **Financial institution employee financial advisors.** These financial advisors are employed by the financial institution where they provide services and are compensated by the financial institution from the portion of fees and commissions it receives from Ameriprise Financial Services. The financial institution serves as paying agent for such compensation on our behalf in accordance with applicable law. Bank employee financial advisors' compensation is based on their employment agreement with the financial institution.

All Ameriprise financial advisors are licensed registered representatives. Depending on the affiliation, our financial advisors are compensated differently. Financial advisors may choose to change how they are affiliated with Ameriprise Financial Services over time.

**Salary.** In addition to the fees described below, employee financial advisors may receive a salary or wage from Ameriprise Financial Services. Associate financial advisors receive either a salary or a flat fee from the independent contractor franchisee for whom they work, at the discretion of the employing or contracting independent contractor franchisee.

Financial advisors may also have the potential to receive bonus compensation.

**Commissions and referral fees.** A portion of the Advisory Fee paid to your financial advisor under the Program may be paid to the financial advisor for introducing you to the Managed Account Service, gathering the information necessary to prepare your Managed Account Service, and helping you establish needs and goals and/or preparing and presenting your service. The amount paid to your financial advisor depends on the payout rate your financial advisor qualifies for and the amount of fees you pay.

In general, commission and fees generated by an associate financial advisor are paid to the employing or contracting financial advisor. At the discretion of the employing or contracting financial advisor, the associate advisor may receive commission and referral fees, or a bonus.

The compensation programs for our financial advisors may vary based on, among other factors, the financial advisor's industry experience, tenure with Ameriprise Financial Services, and whether the financial advisor

was formerly associated with a firm acquired by Ameriprise Financial, Inc.

**Incentives, Training and Education.** Product companies with which we have agreements work with Ameriprise Financial Services and our financial advisors to promote their products. They may pay for training and education events or due diligence meetings; and may reimburse expenses for prospecting events such as seminars for employees, financial advisors, clients and prospective clients. For employees and financial advisors, these events may be held at off-site locations, and the travel, meals and accommodations may be paid for by the product company. Additionally, product companies may occasionally provide business or recreational entertainment or gifts of nominal value to employees and financial advisors.

Ameriprise Financial Services or sales leaders may, from time to time, offer contests or incentive programs to individual financial advisors or groups of financial advisors in particular areas. These contests and programs are limited to such targets as new client acquisition, high value client acquisition, financial plan count, net flows and financial advisor recruiting. The contests and programs are prohibited from incenting on any non- insurance product sales. These programs and incentives and the receipt of other cash/noncash compensation could affect your financial advisor's recommendations of products and/or services to you. These programs and incentives and other cash and/or noncash compensation are subject to SEC and FINRA regulations as well as Ameriprise Financial Services' internal compliance policies.

Ameriprise Financial Services from time to time recruits financial advisors from other firms to join Ameriprise Financial Services. In connection with these recruiting efforts, Ameriprise Financial Services may enter into arrangements with financial advisors for the payment of compensation and/or loans based upon the value of eligible assets or accumulated production of the recruited financial advisor at a pre-determined measurement date. The funds may be payable immediately, over time, as a bonus, or as a loan. These arrangements may be structured to include a provision requiring that payment of transition compensation and/or loans is dependent upon the advisor meeting certain agreed-upon production and/or asset level benchmarks. The financial incentives associated with these transition arrangements could influence the type and amount of product and/or service recommended by your financial advisor. Ameriprise Financial Services manages this conflict of interest by supervising the suitability of recommendations made by its financial advisors in accordance with all applicable regulatory

requirements. Please review your financial advisor's Form ADV brochure supplement or ask your advisor if you have questions about whether these transition arrangements apply to them.

From time to time, Ameriprise Financial Services also provides compensation to financial advisors in connection with the sale of all or a portion of their client base to an financial advisor. Some of this compensation may be dependent on a certain percentage of the client base remaining as clients of Ameriprise Financial Services for a certain period of time. If your financial advisor is selling all or a portion of their practice to another financial advisor, this program could incent your financial advisor to recommend you remain a client of the acquiring financial advisor and/or Ameriprise Financial Services.

**Ameriprise Financial, Inc. Equity Programs.** We encourage our financial advisors to take an ownership stake in our future by holding stock in our parent company, Ameriprise Financial, Inc. (NYSE: AMP). To make this possible for financial advisors, we have created equity compensation programs for them. Employee financial advisors and independent contractor franchisees may be eligible to receive an annual stock bonus. In addition, independent contractor franchisees may be eligible to defer a certain percentage of their compensation each year. They may choose to invest all or portion of this deferral into a notional account that tracks the performance of Ameriprise Financial, Inc. stock.

Financial advisors who are independent contractor franchisees may build equity in their practices and may receive payments if they sell all or a part of their practices to other financial advisors.

**Loan Programs.** Clients may have access to information about lending products and services (e.g. mortgages, home equity loans, home equity lines of credit) through marketing relationships with third-party financial institutions. Financial advisors do not earn compensation related to the origination or referral of lending products (e.g., mortgages, home equity loans, home equity lines of credit) offered by third-party providers that have a marketing relationship with Ameriprise Financial. With limited exceptions, neither your financial advisor nor Ameriprise Financial Services may arrange, promote, suggest or knowingly permit you to use loan proceeds to purchase securities or other investment products.

**Advisor-to-Advisor Training Programs.** Ameriprise Financial Services or its affiliates may also pay its financial advisors for training other financial advisors on specific products and services that we offer. A portion of this payment may be based on incremental



sales of these products and services sold by the financial advisor receiving the training.

**Shared Compensation.** Financial advisors may also choose to work together as a team that shares fees and commissions generated from products and services you purchase. The cost of the product or service you purchase is not affected by the fact that your financial advisor is a member of a team or by the fact that the fee or commission may be split. Your financial advisor may be allowed to share a portion of the investment advisory fee he or she receives with one or more other financial advisor(s), including financial advisors who have not completed the Ameriprise Financial Services-required training to sell the investment advisory service, franchise consultants or registered principals, as described below.

In cases where two or more are assisting you, both financial advisors share in the investment advisory fee. Your servicing financial advisor, will present the Account, set the investment advisory fee, and oversee the analysis and advice prepared for you.

Your servicing advisor may or may not be the financial advisor who has completed the required training. A financial advisor who has not completed the required training may refer a client to a financial advisor who has completed the required training for the service or product. The financial advisor who has completed the required training may pay a fee to the financial advisor who has not completed the required training for that referral. The financial advisor who has not completed the required training may provide investment advisory services for services and products that do not require training, however only the financial advisor who has completed the required training required for a particular service or product will provide the analysis and advice prepared for you with respect to a service or product that requires the training. The financial advisor who has not completed the required training may receive a share of the commission from any services or products sold to you by your financial advisor who has completed the required training.

Your financial advisor may work with a franchise consultant. In those situations, the franchise consultant, who is registered with Ameriprise Financial Services, may receive compensation based on services and products that you purchase, and for the training and leadership of your financial advisor. The cost of the product or service you purchase is not affected.

Your financial advisor may employ staff or work with other Ameriprise Financial Services staff to assist with creating your financial planning recommendations.

This may include leveraging services in geographic locations outside of your financial advisor's location, including international locations.

Services provided may include entering data into financial planning software, proving initial calculation and assistance in creating solutions. Your financial advisor will provide final recommendations to you. For these services your financial advisor may pay a fee or salary to employed staff.

Financial advisors and field leaders may share compensation with their registered support assistants or recommend bonuses for their non-registered support staff.

Employee financial advisors and selling leaders may receive continuing commissions and fees for the sale of certain products and services for up to five years after leaving the securities industry.

Ameriprise offers a Business Development Account (BDA) Program. Eligible employee financial advisors may create a voluntary BDA in a predetermined amount and use this account for business-related expenses above and beyond what the company provides.

#### **Management Compensation and Bonus Programs.**

Employee compensation and operating goals at all levels of the company are tied to the company's success. All employees, directly or indirectly, may receive higher compensation and other benefits when the investment products of certain providers, particularly affiliates, are purchased. Management, sales leaders and other employees spend more of their time and resources promoting Ameriprise, Columbia Threadneedle Investments, and RiverSource branded products and services.

Field leaders receive a salary and a bonus and are responsible for an operating budget for expenses. Bonus programs for Ameriprise Financial Services field leaders are designed to include an amount based on the aggregate sales of all products sold by financial advisors, including proprietary products, in the regions of the country those leaders are responsible for overseeing. The bonus incentive and expense programs present a potential conflict because they are based in part on sales of these products.

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

**Code of ethics.** As part of an overall internal compliance program, Ameriprise Financial Services has adopted policies and procedures imposing certain



conditions and restrictions on transactions for the account of Ameriprise Financial Services and the accounts of our employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct when potential conflicts of interest may exist with respect to a customer or client. In addition, from time to time, restrictions are imposed to address the potential for self-dealing and conflicts of interest which may arise in connection with the business of Ameriprise Financial Services as a broker-dealer. Ameriprise Financial Services has adopted various procedures to guard against insider trading.

**Participation or interest in client transactions.** From time to time Ameriprise Financial Services and/or its affiliates and related persons may invest in the same or related securities that Ameriprise Financial Services and/or its affiliates recommend to clients. Such transactions may occur at or about the same time that such securities are bought or sold for client accounts. Ameriprise Financial Services has adopted policies and procedures imposing certain conditions and restrictions on transactions in these securities, such as trading blackout periods and preclearance requirements.

**Personal trading rules and procedures.** Ameriprise Financial Services has adopted personal trading rules and procedures within the Ameriprise Personal Trading Policy. These rules are designed to list standards of business conduct and to mitigate potential conflicts of interest for all persons of Ameriprise Financial Services when they engage in personal securities transactions. You may request a copy of the Ameriprise Financial Code of Ethics and Personal Trading Policy from your financial advisor or by contacting us at 800.290.6663.

The standards of business conduct include compliance with applicable laws and regulations and with policies and procedures such as those contained in the Ameriprise Global Code of Conduct. Under the personal trading rules, persons are required to report their personal securities holdings and transactions, including transactions in certain mutual funds; must pre-clear certain investments; are restricted with respect to the timing of certain investments; and are prohibited from making certain investments. In addition, the Personal Trading Policy requires (i) Ameriprise employee financial advisors and their employees, (ii) its independent contractor franchisee financial advisors and their employees, and (iii) its affiliated investment advisers to conduct most personal trades through one of three designated broker-dealers unless an exception has been granted, and report any changes in their selected broker-dealer.

**Insider trading policy.** Ameriprise Financial Services and its related persons may, from time to time, come into possession of material nonpublic information that, if disclosed, might affect an investor's decision to buy, sell or hold a security.

Under applicable law, Ameriprise Financial Services and its related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should Ameriprise Financial Services or its related persons come into possession of material nonpublic information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law. Ameriprise Financial Services and its affiliates have adopted an "Insider Trading Policy" in accordance with Section 204A of the Advisers Act that establishes procedures to prevent the misuse of material nonpublic information by Ameriprise Financial Services and its associated persons.

**Review of Accounts.** In addition to the following, review the bullet points outlined in the section of this Disclosure Brochure entitled, "Appropriateness of program for you." PAS will provide to clients participating in the Program a consolidated statement at least quarterly reflecting all transactions in cash and securities, deposits and withdrawals of principal and income, fees and expenses charged at the Account level, securities in custody held in an Account, and a record of cost-basis and unrealized/realized gains and losses information for those securities. In making valuation determinations, PAS may rely on the services of a third party pricing service for, among other things, such valuation. PAS will provide you with confirmations of transactions in your Account. You should review your Brokerage Agreement with PAS for additional important information regarding account statements and transaction confirmations.

## Client Referrals and Other Compensation

### **Referral arrangements and other economic benefits**

Ameriprise Financial Services maintains formal and informal arrangements, the terms of which are disclosed to the client, with individual professionals, professional firms, and select corporate, institutional or membership organizations ("Solicitors"), wherein compensation is paid to those Solicitors for referral of clients or members to Ameriprise Financial

Services for its financial advisory services. The compensation to be paid in connection with these agreements is subject to negotiation between Ameriprise Financial Services and the applicable Solicitor. The compensation is (i) disclosed to the client at the time of the solicitation or referral; and (ii) will be paid out of the total advisory fees collected from you. You will not be charged an additional fee as a result of any referral arrangements. Compensation may include a one-time payment or ongoing payments based on a negotiated percentage of the quarterly investment advisory fees paid by you for the duration of the investment advisory relationship.

Ameriprise Financial Services may also make informal arrangements with individual clients wherein compensation is paid to those clients for referral of other individuals to Ameriprise Financial Services for financial advisory services.

Ameriprise Financial Services may form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and Farm Credit Services ("Third Party Financial Institutions") to

allow its financial advisors to offer financial planning services and certain other nondeposit investment and insurance products and services, described elsewhere in this Disclosure Brochure, to retail customers/members of the Third Party Financial Institutions. As a result of these alliances or networking arrangements, financial advisors may not be able to offer to retail customers/members of the Third Party Financial Institutions certain products available through Ameriprise Financial Services or its affiliates. Also as a result of these alliances or networking arrangements, Third Party Financial Institutions may receive, in the form of a networking payment, a portion of advisory fees and securities and insurance commissions paid to financial advisors for sales to retail customers/members of the Third Party Financial Institutions.



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