

# Merrill Lynch Managed Account Service™

## WRAP FEE PROGRAM BROCHURE

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This wrap fee program brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill") relating to the Merrill Lynch Managed Account Service. If you have any questions about the contents of this brochure, please contact us at 800-MERRILL (800-637-7455). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

The investment advisory services described in this brochure are not insured or otherwise protected by the Federal Deposit Insurance Corporation (FDIC) or any other government agency; are not a deposit or other obligation of any bank or any affiliate of Merrill; are not endorsed or guaranteed by Bank of America, N.A., Merrill, any bank or any affiliate of Merrill; and involve investment risk, including possible loss of principal.

Additional information about Merrill also is available on the SEC's website at [www.adviserinfo.sec.gov/IAPD](http://www.adviserinfo.sec.gov/IAPD).

**March 23, 2020**

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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### MATERIAL CHANGES

This summary of material changes is designed to make clients aware of information that has changed since Merrill filed its last annual update on March 25, 2019 for its Merrill Lynch Managed Account Service™ Form ADV Part 2A brochure (“Brochure”) and that may be important to them. The material changes summarized below were also incorporated in the Brochure. Capitalized terms that are defined in the Brochure have the meanings provided in the Glossary to the Brochure.

#### MATERIAL CHANGES AND ENHANCED DISCLOSURES MADE AS PART OF THIS ANNUAL UPDATE

Below are material changes made to this Brochure as part of this annual update filing:

- **Inclusion of MAS Accounts in ML IAP Portfolio Group:** On or after July 1, 2020, subject to certain operational requirements, you will have the ability, at your election and upon providing instruction to your Financial Advisor, to include any of your MAS Accounts in a “Portfolio Group” within the Merrill Lynch Investment Advisory Program (“ML IAP”), as more fully described in the ML IAP program brochure. The management of these MAS Accounts remains subject to the terms of the MAS Client Agreement, including applicable fees, and the MAS Accounts will not be subject to the terms of the ML IAP client agreement or the ML IAP (except as described in the ML IAP client agreement and ML IAP program brochure). Please refer to the section “Services, Fees and Compensation—Description of MAS.”
- **Mutual fund share holdings:** We have updated our disclosures relating to your use of mutual fund shares to fund your Account. More specifically, such holdings will be considered ineligible assets and, as such, will only be permitted for a limited period of time, and will subject your Account to termination if not timely liquidated or transferred out of your Account. Such holdings will not ultimately be subject to the Merrill Lynch Fee. In addition, any money market mutual funds not held through any cash sweep vehicle applicable to your Account will similarly be treated as ineligible assets. For more information, please refer to the sections “Funding and Operation of MAS Accounts—Funding Accounts”, “Account Fees—Calculation of Account Fees; Ineligible Assets” and “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Funds and Related Investing”.

**We periodically review our Brochure and enhance existing disclosures about the Program, its Services and other important information. With this annual update, we are making the following enhanced disclosure:**

- We have added information about Investment Managers that may execute all or a portion of their trades through Unaffiliated Investment Firms by making available a document entitled “MAS Investment Manager Strategy Step Out Information Document.” Please refer to “Funding and Operation of MAS Accounts—Trading in MAS Accounts.”

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### SERVICES, FEES AND COMPENSATION

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill” or “MLPF&S”) is an indirect wholly-owned subsidiary of Bank of America. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary. For purposes of this Brochure, “you” and “your” refer to the client. “We,” “us,” and “our” refer to Merrill.

#### **DESCRIPTION OF MAS**

This Brochure relates to the Merrill Lynch Managed Account Service™ (“MAS” or “Program”), an investment advisory offered by Merrill. This Brochure also contains important information relating to clients’ responsibilities for their accounts, certain conflicts of interest involved with the services offered, and other matters. You should read this Brochure carefully when deciding whether the services are appropriate for you, and ask your Financial Advisor any questions you may have.

In MAS, you select one or more investment managers (each, an “Investment Manager”). You then instruct us to accept orders from your Investment Manager for one or more of your MAS accounts (each an “Account”). Importantly, we will not have discretionary authority over the assets in your Account.

You have sole discretion in the selection of your Investment Managers and Strategies, and, except as described below, we have not and will not evaluate any Investment Manager or your Investment Manager’s investment style or Strategy for compatibility or suitability with your objectives. Further, we do not and will not conduct any due diligence on, or ongoing monitoring of, any Investment Managers.

To open an Account, you must enter into an investment advisory agreement with us (the “Client Agreement”) and designate your Investment Manager. You must also complete documentation for your underlying Merrill securities account that provides us with information regarding your overall circumstances, financial goals and risk profile, as well as your Account’s investment objective and other important information with respect to your Account (the “Underlying Account Documentation”). Because we may rely on the information furnished in the Underlying Account Documentation to advise you with respect to your Account, it is important that you understand and represent in the Client Agreement that the information furnished therein is accurate and complete in all material respects and that you will promptly notify your Financial Advisor of any material changes. If you select certain types of Investment Managers, you will be required to execute additional documentation, as described more fully in the section *Investment Managers* below.

We want you to know a few things up front about MAS, including:

- You enter into a Client Agreement with Merrill for the services you receive;
- As described in greater detail below, you agree to pay Merrill an annual asset-based fee (“Merrill Lynch Fee”) for your Account that is negotiable depending upon a number of factors;
- You will need to enter into a separate agreement with your selected Investment Manager;
- Your Investment Manager will charge you a separate advisory fee for its services;
- Your Investment Manager is exclusively responsible for the management of your assets; and
- On or after July 1, 2020, subject to certain operational requirements, you will have the ability, at your election and upon providing instruction to your Financial Advisor, to include any of your MAS Accounts in a “Portfolio Group” within the Merrill Lynch Investment Advisory Program (“ML IAP”), as more fully described in the ML IAP program brochure. The management of these MAS Accounts remains subject to the terms of the MAS Client Agreement, including applicable fees, and the MAS

Accounts will not be subject to the terms of the ML IAP client agreement or the ML IAP (except as described in the ML IAP client agreement and ML IAP program brochure)

The scope of any investment advisory relationship we have with you is defined in the Client Agreement you sign for MAS. When you are enrolled in MAS, we act as your investment adviser only for your Account and not any other assets or accounts, unless otherwise separately agreed to by us in writing. Our MAS advisory relationship begins when we enter into the Client Agreement with you, which occurs at the later of the date of acceptance of the signed Client Agreement by us or the date you have contributed assets in the Account. Preliminary discussions or recommendations before we enter into the Client Agreement with you are not intended as investment advice and should not be relied on as such.

In addition to MAS, Merrill offers a wide variety of investment advisory services. These include but are not limited to, the ML IAP and Merrill Lynch Strategic Portfolio Advisor® Service ("SPA") which also involves the client entering into a separate agreement with the managers for discretionary management services. There are important differences among MAS, ML IAP and SPA in terms of the involvement of your Financial Advisor in providing ongoing advice, the services, structure and administration, the depth of research conducted on the managers available in the programs and the applicable fees. You may request a copy of these programs' materials by contacting your Financial Advisor.

### **OVERVIEW OF MAS SERVICES**

As described more fully below, we execute securities transactions upon the instructions of your Investment Manager. We also provide clearance and settlement of transactions, custody of Account assets, and additional services provided to all our clients with assets held by us as a custodian. These services also include:

- Automatic sweep of cash balances in your Account into, depending upon the type of Merrill securities account you establish, an affiliated bank deposit account, money market mutual fund or other option we may make available at the time, and if a sweep option is available with your underlying securities account;
- Margin facilities;
- Periodic performance reports ("Performance Reports"); and
- The ability to receive periodic (as opposed to trade-by-trade) confirmation delivery and the ability to direct your Investment Manager to vote proxies and receive other issuer-related materials such as annual and quarterly reports.

### **INVESTMENT MANAGERS**

We designed MAS to accommodate, for a limited period of time, your selection of an Investment Manager or Strategy of an Investment Manager that is not currently available in a Merrill investment advisory program to exercise discretion and provide investment advice in a Merrill securities account. You should understand you assume important responsibilities regarding your Investment Manager. You are solely responsible for negotiating your agreements with your Investment Managers, and neither Merrill nor our Financial Advisors will participate or advise you regarding the terms of such agreements, the advisability of entering into such agreements, or of continuing the retention of your Investment Manager. We strongly encourage you to contact your Investment Manager on a periodic basis to:

- Discuss your Account and its investment performance;

- Review your Investment Manager's philosophy and style of management (so that you may determine the ongoing compatibility of your Investment Manager to your level of risk tolerance);
- Discuss any restrictions you may wish to impose or modify on your Account;
- Request information regarding conflicts of interest between you and your Investment Manager; and
- Receive a current copy of your Investment Manager's Form ADV filing and/or brochure for review.

We also suggest that you periodically check the registration status and other information regarding your Investment Manager, including disciplinary events, at the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You assume responsibility for monitoring your Investment Manager's performance. We will not:

- Perform any ongoing due diligence review with respect to your Investment Manager;
- Make any representation concerning your Investment Manager's abilities or qualifications as an investment adviser;
- Bear responsibility for the services rendered, for information provided, or for any recommendations made by your Investment Manager with respect to your Account;
- Endorse, recommend or otherwise suggest that your Investment Manager will make suitable investment decisions for you; nor
- Undertake to investigate or monitor the suitability of your Investment Manager's investment decisions.

Your Investment Manager has certain conflicts of interest, which we and our affiliates or your Financial Advisor may not be aware of and are under no obligation to investigate. We encouraged you to speak with your Investment Manager to discuss any questions that you may have about existing or potential conflicts of interest relating to your Investment Manager. We note that certain Investment Managers may be Related Managers and your ability to use Related Managers as part of MAS presents conflicts of interest for the Related Manager and us. We discuss these conflicts in the section entitled *Portfolio Manager Selection and Evaluation - Related Persons*.

### **MARGIN, UNCOVERED OPTIONS AND SHORT SALES STRATEGIES**

In certain circumstances, your Investment Manager may employ margin, write uncovered options and/or sell securities short (collectively, "Options and Margin Strategies"). As disclosed in the securities account documentation you execute allowing the use of margin in your Account, if your Investment Manager uses margin to purchase securities, the collateral for the margin debt will be the assets in your Account and other accounts at Merrill. You should read this documentation carefully. If the securities in a margin account decline in value, so does the value of the collateral supporting the margin loan, and, as a result we can take actions, such as issuing a margin call or selling securities or other assets maintained at Merrill in order to maintain the required equity in the Account. Overall, margin increases the risk of losses you would sustain, as compared to an unleveraged Account, in declining markets that negatively affect the value of securities bought on margin. You assume full responsibility for your Investment Manager using margin to buy securities. If you determine that you no longer want your Investment Manager to use margin in your Account, you are responsible for notifying your Investment Manager of such determination. We are not responsible for any losses resulting from Investment Manager's failure or delay in implementing such instructions. You may also discontinue use of margin in your Account according to the terms of the Margin Agreement. If you terminate the Margin Agreement, you are responsible for notifying your Investment

Manager of such termination. We are not responsible for notifying your Investment Manager of the termination of the Margin Agreement or for any losses resulting from your failure to so notify your Investment Manager.

In certain circumstances, your Investment Manager may write uncovered options and sell stock short in your Account. If you permit your Investment Manager to write uncovered options, you will be exposed to potentially significant losses. For a call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other contract remedies are pursued. For a put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price. If your Investment Manager writes combination or straddle options (where your Investment Manager writes both a put and a call option on the same underlying instrument), your potential risk of loss is unlimited. Further, if a secondary market in options were to become unavailable, your Investment Manager could not engage in a closing transaction and you would remain obligated until expiration or assignment. To engage in options transactions, you need to execute an option account agreement and, under the terms of that agreement, if you do not meet applicable margin payment requirements, we may liquidate stock, options or other account positions in your Account, with little or no prior notice to you.

Selling stock short raises similar risks as writing uncovered call options and you will assume similar risks of loss.

The costs, risks and other features and conditions of margin and short sales are more fully described in the brokerage documentation authorizing the use of Options and Margin Strategies in your Account.

### **REASONABLE INVESTMENT RESTRICTIONS**

You may impose reasonable investment restrictions on your Accounts, but you must communicate such restrictions directly to your Investment Manager. It is your responsibility to monitor such investment restrictions, review such investment restrictions with your Investment Manager, and advise the Investment Manager of any discrepancies or modifications to such restrictions. You should understand that your Investment Manager, not Merrill, will be responsible for complying with your restrictions, if any, and we and your Financial Advisor shall not be responsible for communicating, implementing or monitoring your restrictions. For more information on investment restrictions, please see the section *Risk and Tax Disclosure* below. If you have selected to restrict investments in your Account, you accept any effect such restrictions may have on the investment performance and/or diversification of the Account.

### **RISK AND TAX DISCLOSURE**

By enrolling in MAS, you need to be aware of, and be willing to assume, the risks involved with investing in securities and other investment products, and you could lose all or a portion of the amount invested. You also need to understand that all investments involve risk (the amount of which varies significantly), that investment performance cannot be predicted or guaranteed, and that the value of your Account holdings will fluctuate due to market conditions and other factors.

You should read the prospectus or disclosure document, as applicable, for any security or investment product in which your Investment Manager invests, which contains important information about risk factors relating to the security or investment product.

Any benchmarks referred to in connection with your Account and included in any Performance Report are not assurances or guarantees of the performance of any investments in or of your Account. Market movements, the investment decisions of your Investment Manager, and other factors may result in significant differences between the performance of Account assets and any investment objectives made



known to us. You acknowledge that the investments made and the actions taken for your Account will be subject to various market, liquidity, currency, economic and political risks, and may decline in value. You further acknowledge that we do not assume responsibility for or endorse the investment decisions made by your Investment Manager, which may involve additional and significant risks.

MAS has been designed to accommodate, for a limited period of time, your selection of your Investment Manager. By deciding to allow your Investment Manager to give investment directions to us, you assume the risks associated with your Investment Manager's investment decisions. (See the section *Investment Managers* above.) Accordingly, if your Investment Manager assembles a Concentrated Position in your Account, you assume the risk of a substantial loss in value to the entire Account if there is a decline in the Concentrated Position or industry sector. Similarly, if your Investment Manager effects trades in securities that we do not follow or for which we have a contrary recommendation, you do so at your own risk. Moreover, if your Investment Manager chooses to make use of margin to effect transactions in your Account, you assume the risk associated with margin transactions, including that losses in the value of an asset purchased on margin are magnified as a result of the use of borrowed money. Generally, we believe that these investment styles add risk to a portfolio that you should not assume unless you are prepared to experience significant losses in the value of your Account. Ultimately, as between you and us, you bear the risk of all of these decisions.

If your Investment Manager uses Concentrated Positions, you assume additional risk, including:

- You may incur substantial losses in your Account based upon the loss in value of a single security or industry sector; and
- A large Concentrated Position may substantially impact your Investment Manager's ability to diversify your Account.

If your Investment Manager uses a Margin Strategy, you assume additional risk, including:

- You can lose more funds than amounts deposited in margin accounts;
- We can force the sale of securities or other assets in your Merrill account(s);
- We can sell your securities and other assets without contacting you;
- You are not entitled to choose which securities or other assets in the Account are to be liquidated or sold to meet margin calls;
- We can increase our "house" maintenance margin requirements at any time without advance written notice;
- You are not entitled to an extension of time on a margin call; and
- If a margin call cannot be fully satisfied from assets in your Account or other assets at Merrill, you will remain liable for the outstanding debt.

If your Investment Manager writes uncovered options, you assume additional risk, including:

- You will be exposed to potentially significant losses;
- If your Investment Manager writes an uncovered call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other option contract remedies;
- If your Investment Manager writes an uncovered put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price;

- If your Investment Manager writes combination or straddle options (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited;
- If a secondary market in options were to become unavailable, your Investment Manager could not engage in a closing transaction and you would remain obligated until expiration or assignment; and
- In accordance with the option account agreement, if you do not meet applicable margin payment requirements, we may liquidate stock, options or other positions in your Account, with little or no prior notice to you.

Please note that short selling stock has similar risks as those described above regarding writing uncovered call options and you will assume similar risks of loss.

You acknowledge that your Investment Manager may sell all or a portion of the securities in your Account, either initially or during the course of your participation in MAS. You are responsible for all tax liabilities arising from these transactions. We and your Financial Advisor will not offer tax advice to you on these or any other issues. You are strongly encouraged to seek the advice of a qualified tax professional. In addition, if you are not a resident of the United States, you assume the adverse tax consequences.

We will not be responsible for making any tax credit or similar claim or any legal filing (including, but not limited to, proofs of claim) on your behalf.

### **FUNDING AND OPERATION OF MAS ACCOUNTS**

#### **FUNDING, WITHDRAWALS AND ADDITION OF ASSETS IN MAS ACCOUNTS**

You are responsible for notifying your Investment Manager of any deposits made into your Account and instructing your Investment Manager to liquidate positions in the event you wish to withdraw assets from your Account. We have no responsibility to invest cash deposits (other than cash sweeps described below) or liquidate positions for withdrawal, tax purposes or for other situations, nor do we have responsibility for any losses that may result from your failure to notify your Investment Manager. Unless otherwise agreed, your Account will be credited with any dividends, interest and principal paid on assets held in your Account.

#### **FUNDING ACCOUNTS**

You may fund your Account by depositing cash and/or securities acceptable to us. We may determine in our sole discretion that certain assets are ineligible for the Program or otherwise unacceptable. Failure to comply with a request to transfer such assets out of an Account enrolled in the Program may result in that Account's termination from the Program. You should consider all relevant factors before you fund (either initially or otherwise) your Account with mutual fund shares, including that:

- Your Investment Manager generally cannot purchase additional shares of any mutual fund in your Account (as described below), though your Investment Manager may sell them from your Account;
- If you fund your Account with mutual fund shares, we will request that your Investment Manager liquidate/transfer them from your Account. If they are not liquidated/transferred within a limited period of time, your Account may be removed from the Program. During the period of time that such contributed mutual fund shares are in your Account, we will consider such assets to be ineligible for the Program and, accordingly, they will not ultimately be subject to the Merrill Lynch Fee. See "Account Fees—Calculation of Account Fees; Ineligible Assets" for more information. In all cases, we will not exchange any mutual fund holdings in your Account to other share classes. Accordingly, you should not assume that these contributed mutual fund shares are the mutual fund share class with the lowest possible expense ratio that the mutual fund provider makes

available to the investing public (see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—Funds and Related Investing” for more information).

- You may have paid a front-end sales charge or may be subject to CDSC or redemption fees; and
- Such sales charges and fees, if applicable, will remain your responsibility and will be in addition to your Merrill Lynch Fee.

Clients should understand that upon their account enrollment in the MAS program, the following services will not be available for that Account: Checks, Visa® debit cards, web bill pay, online client orders, and systematic withdrawal services such as Move Money®/funds transfer disbursements. Similarly, the enrollment of an account in AIPS will be suspended during your participation in MAS, except to the extent that you have authorized the automatic transfer of cash into the Account. Additional assets contributed through AIPS will be invested at your Investment Manager’s discretion.

### **RETIREMENT ACCOUNTS**

Effective June 9, 2017, MAS was generally closed to new enrollments by Retirement Accounts. If you are an existing Retirement Account client, you should understand that our services described herein are offered in order to assist plan fiduciaries as they carry out their investment-related responsibilities and are not intended to be a basis for decisions related to your Account. Moreover, these services should not substitute for or diminish the careful deliberation and determination of your plan fiduciaries, after appropriate consultation with other professional advisers and the review of relevant plan documentation.

### **CUSTODIAL ARRANGEMENTS**

Generally, Merrill will act as the custodian for the assets held in your Account. Assets will be maintained in one or more central asset accounts established at Merrill through the applicable securities account. Pursuant to the Client Agreement, you have agreed to execute the Underlying Account Documentation. As a broker-dealer, Merrill is responsible for compliance with federal margin rules. Except where margin has been specifically permitted for certain Strategies, Accounts in the Program are set up as cash Accounts. This account notation means that margin is not permitted and purchase of securities must be fully paid for on the date of the trade. With a cash Account, if securities are sold before the payment for their purchase has settled, an event known as a “free-riding violation” has occurred. Free-riding is prohibited under margin rules and our Program guidelines. Having a “free-riding” violation may result in your Account being restricted for 90 days or “frozen.” The imposition of such a freeze could have a negative effect on your Account and performance. The risk of engaging in an inadvertent “free-riding” violation and therefore freezing of your Account is enhanced (1) when you change Investment Managers and reconstitute your investments; (2) when you engage in periodic rebalancing (which results in purchases and sales of securities over a short period of time); or (3) when you withdraw cash from your Account when there is a pending order to purchase a security.

In limited circumstances, upon your request and direction and with our consent, you may enter into arrangements for your assets in the Program to be maintained with (1) certain of our Affiliate Companies for that affiliate to act as a custodian (a “Related Company Custodian”) or (2) a custodian that is not related to or affiliated with Merrill (an “Unrelated Custodian”). Unless otherwise agreed with such Custodian, you will pay a separate fee for these arrangements on the terms agreed upon by you with such custodian. Our rights and authority respecting your assets enrolled in the Program, including as to transfers of assets held with the Related Company Custodian or the Unrelated Custodian, are limited to those set forth in the Client Agreement, regardless of any separate agreements or arrangements you may have

or may enter into with any such Custodian. We disclaim any broader rights that may be contained in your separate agreement with the Related Company Custodian or Unrelated Custodian.

You will be responsible for all related fees and expenses charged by a Related Company Custodian or an Unrelated Custodian subject to applicable law and the custodial arrangements agreed upon by you. These fees and expenses are not covered by the Merrill Lynch Fee. Cash held with a Related Company Custodian or an Unrelated Custodian will not be subject to the same sweep arrangements you receive with Merrill acting as the custodian, but we will include such cash positions in the value of your Account for the calculation of the Merrill Lynch Fee.

You will be responsible for ensuring that we (and all vendors used by us) are provided with daily access to the Related Company Custodian or Unrelated Custodian's systems, transaction and account data and other information necessary to provide adequate account supervision, transaction, billing and other client reports and other necessary services to your Accounts. You understand that as a result of your use of a custodian other than Merrill, you may receive more limited information and reporting, including performance reporting, when we cannot obtain certain required information from the Related Company Custodian or Unrelated Custodian.

Furthermore, any performance and other reports or statements we provide for your Account will be based upon information provided by the Related Company Custodian or Unrelated Custodian, which we will use for purposes of calculating the Merrill Lynch Fee. We are not responsible for verifying the accuracy of such information or any losses or errors by a Related Company Custodian or Unrelated Custodian with respect to your Account. You have agreed to promptly notify your Investment Manager with respect to any additions or withdrawals of assets to your Account maintained at the Related Company Custodian or Unrelated Custodian and have agreed that we will not be responsible or liable for any losses due to your failure to provide such prompt notification. Any assets held in your Account must be free from any lien, charge or other encumbrance (other than a lien, charge or other encumbrance in favor of us or our affiliates). Such assets must remain so, unless you notify us and we agree. You must notify us in writing prior to effecting loans secured by securities in your Account (including loans by our affiliates) as described below (commonly referred to as "collateralizing"). You understand that we will not provide advice on or oversee any of your collateral arrangements. In the event of any conflict between the terms of the Client Agreement and your collateral arrangements, the terms of the Client Agreement will prevail. You must also disclose to any lender the terms of the Client Agreement. No specific securities in your Account must be held as collateral to secure your loan. You should be aware of the adverse effects of collateralizing Accounts, including, but not limited to, the fact that the lending institution may require additional collateral or liquidation of securities held in your Account to meet a call, as well as the related tax consequences. You must promptly notify us of any default or similar event under your collateral arrangements as defined in the respective collateral arrangements.

### **LOANS AND COLLATERAL**

Certain of your Account assets may be "pledged" or used as collateral, with our consent, in connection with loans obtained through certain unaffiliated or affiliated loan programs, such as the securities based lending Loan Management Account® ("LMA") and Mortgage 100®/Parent Power® mortgage programs (collectively referred to as "Lending Programs"). Under such Lending Programs, you may receive loan proceeds as a result of an arrangement whereby your Account is pledged to a lender, and in certain circumstances, the lender may be an affiliate of us. If you have elected to participate in a Lending Program, the terms and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further in this Brochure. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks will be heightened in the event you hold a concentrated position in your

pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investable assets. A collateral call could disrupt your selected Investment Manager's investment strategy for the Account. You, your Financial Advisor or your selected Investment Manager may not be provided with prior notice of a liquidation of the securities in your pledged Account. You, your Financial Advisor and your selected Investment Manager may not be entitled to choose the securities which are to be liquidated by the lender. The costs associated with such a lending arrangement under a Lending Program are not included in the Merrill Lynch Fee and result in additional compensation to us, our affiliate(s) and our Financial Advisors. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with pledging your Account as loan collateral and the potential liquidation of pledged assets.

### **CASH BALANCES AND THE CASH SWEEP FEATURE**

At times, your Account will have an allocation to cash based on the Strategy selected, the asset allocation and investment determinations your Investment Manager has made or in light of current market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocations may comprise all or a substantial portion of your Account assets invested in a particular Strategy based on, for example, concerns about the market, a decision to pursue a defensive investment strategy or for other cash management purposes. Depending on the Strategy selected for your Account, unless your Investment Manager, which may be a Related Manager directs that your Account's cash allocation be invested in a cash alternative, your Account's cash allocation will be treated as a cash balance in your Account.

Any cash balances will automatically be "swept" in accordance with the cash sweep vehicle available to you (or if more than one is available, as designated by you) as part of your underlying Merrill securities account agreement relating to your Account. Depending upon the type of Merrill securities account that you establish, cash balances will be swept to a bank deposit account at Bank of America, N.A. (BANA) or other banks affiliated with us (an "Affiliated Bank Deposit Program"), designated money market mutual funds or to other cash sweep options we may make available from time to time. Unless you have certain types of Retirement Accounts or Trust Managed Accounts in the Program, the only sweep vehicle currently available to you is an Affiliated Bank Deposit Program as described in the underlying Merrill securities account agreement relating to your Account.

Cash balances swept to an Affiliated Bank Deposit Program will be placed in a bank deposit account bearing a reasonable rate of interest. Current rates are available from your Financial Advisor. The interest rate paid to you by BANA and other banks affiliated with us ("Affiliated Banks") will likely be lower than the interest rates available on other deposit accounts at the Affiliated Bank or on comparable deposit accounts at other banks. Generally, the rate you earn through the Affiliated Bank Deposit Program will be lower than yields on cash alternatives, such as money market funds, that are available to you through us outside of the cash sweep arrangement. Affiliated Banks will benefit from their use of the deposits. We or our affiliates will receive compensation from the Affiliated Banks for the services they perform with respect to the Affiliated Bank Deposit Program. This compensation will be in addition to, and will not reduce, your Program Fee, except as required by law, and presents a conflict of interest between you and us. See "Account Fees — Cash Assets" and "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading — Participation or Interest in Client Transactions — Cash Balances and Cash Sweep Arrangements" for more information.

The applicable terms of the available sweep vehicles are described in the disclosures that you received in connection with your underlying Merrill securities account. The current rates and yields are available from your Financial Advisor. Cash balances maintained in Accounts with a custodian other than Merrill (*i.e.*, a Related Company Custodian or an Unrelated Custodian) will not be subject to these sweep arrangements.

If you have elected the “no sweep” option for the cash balances held in your underlying Merrill securities account, the cash balances in your Account will remain in your Account and will not be swept. If you make this selection, you will not earn interest or dividends on cash balances held in your Account. You will be charged the Merrill Lynch Fee on the cash held in your Account even though you are not earning any interest or dividends on that cash.

Any cash allocation that is invested in a money market mutual fund (whether through any relevant cash sweep vehicle applicable to the Account or as a result of a specific direction by your Investment Manager) is subject to such Fund's management, distribution, transfer agent, and other expenses. These fees and expenses are in addition to, and will not reduce, your Merrill Lynch Fee, except as required by law. We or our affiliates receive certain Fund-related compensation in connection with such holdings. See “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading — Participation or Interest in Client Transactions — Funds and Related Investing” for more information.

### **TRADING IN MAS ACCOUNTS**

Your trades are generally placed by, and are the responsibility of, your chosen Investment Manager to whom you have granted the discretionary authority to determine (subject to your investment objectives and constraints) the securities to be bought or sold on your behalf, the amount of such securities, and the brokers or dealers to be used in such transactions.

The Investment Manager you select is obligated, absent your direction to the contrary, to effect transactions with or through those brokers or dealers that, in the Investment Manager's view, are capable of providing best price and execution of orders for your benefit.

If the Investment Manager determines to execute a purchase or sale of any security for your Account through a broker or dealer other than us, any resulting execution charges will be separately charged to that Account. A transaction that the Investment Manager has placed through an Unaffiliated Investment Firm for a particular Investment Manager Strategy is commonly referred to as a “step out” or “step out trade”. In selecting a firm to execute transactions and the markets on or in which the transactions will be executed, the Investment Manager is not obligated to solicit competitive bids for each transaction or seek the lowest available commission cost to you, so long as it reasonably believes that the firm it selects can be expected to obtain a “best execution” market price on the particular step out trade. Each Investment Manager is responsible for ensuring that it complies with its own best execution obligations.

Certain Investment Managers have historically executed all or a portion of their trades as “step outs”. Frequently, these trades have been for fixed-income, foreign or small cap securities or strategies for which a markup or markdown is charged by the executing broker-dealer. Because of our execution capabilities and because the Merrill Lynch Fee you pay cover transaction charges only when transactions are executed through us, we expect that your transactions will generally be executed through a broker or dealer other than us only when required by applicable law or your Investment Manager placing the transaction reasonably believes, in good faith, that such other broker-dealer will provide better price and execution, net of any additional resulting transaction costs which will be charged to your Account when transactions are effected through a broker or dealer other than us.

Investment Manager Strategies that we have identified as trading through Unaffiliated Investment Firms are designated in the document entitled “MAS Investment Manager Strategy Step Out Information Document”. This document is available at [ml.com/SMA](http://ml.com/SMA). You can also obtain a copy of this document upon request from your Financial Advisor. Information in this document is based solely on historical information that has been provided by the Investment Managers at their discretion, and we have not independently verified such information. We do not make any representation regarding the future trading practices of any Investment Manager for any Investment Manager Strategy. We recommend that before making a selection

of an Investment Manager Strategy, you review the Manager's Form ADV, Part 2A brochure, which contains more detailed information about its brokerage practices.

The potential cost advantage associated with using us to execute trades for your Account is expected to alter the way in which each Investment Manager satisfies his or her duty to seek best execution. That said, Investment Managers may utilize execution services of broker-dealers other than us. Merrill Lynch Fees do not cover transaction charges or other charges, including markups and markdowns, resulting from trades effected through or with a broker-dealer other than Merrill. See also "Other Fees and Expenses"

We and our affiliates will ordinarily act as agent in executing transactions on behalf of MAS clients. Principal transactions may also be effected for MAS clients under the appropriate circumstances as permitted by law. Principal transactions may be subject to a dealer spread (*i.e.*, the difference between the bid and the offer price), which would result in additional compensation or other benefit to us. Transactions in securities customarily traded in dealer markets (such as fixed-income or over-the-counter securities) that are purchased from or sold to broker-dealers other than us may include markups or markdowns by these firms.

In accordance with the instructions of your Investment Manager and your authorization, our execution services (or those of an affiliated broker-dealer) will generally be used for the purchase and sale of securities for MAS, unless you designate another broker-dealer or applicable law is to the contrary. However, in buying or selling certain securities (particularly those that customarily trade in "dealer markets"), we may, for legal or other reasons, cause such transactions to be effected through a bank, broker or dealer that is not affiliated with us ("Unaffiliated Investment Firm"). When we select an Unaffiliated Investment Firm to execute transactions, we will take into account various factors, such as:

- The nature and quantity of the securities involved;
- The markets involved;
- The importance of speed, efficiency and confidentiality;
- The firm's apparent knowledge of such markets and sources from or to whom particular securities might be purchased or sold;
- The reputation and perceived soundness of the broker-dealer;
- The ability and willingness of the firm to facilitate both purchases and sales of securities for client accounts by participating in such transactions for its own account;
- The firm's clearance and settlement capabilities; and
- Other factors relevant to the selection of a broker-dealer for the execution of your securities transactions.

Merrill Lynch Fees do not cover transaction charges or other charges, including markups and markdowns, resulting from trades effected through or with a broker-dealer other than us or our affiliates. In addition, Merrill Lynch Fees do not cover transaction and other charges incurred by Funds held in MAS Accounts. Purchases of securities from an underwriter or dealer in a distribution will be effected at the public offering price.

Your transactions are effected by us on the instruction of your selected Investment Manager. Accordingly, it should be understood that, for any and all transactions effected by or through us in an MAS Account at the direction of your Investment Manager, we are acting exclusively as a broker-dealer in relation to such transactions.

We and the MAS Investment Managers may, but are not required to, aggregate orders for the sale or purchase of securities for your Account with orders for the same security for our other clients, proprietary accounts or the accounts of our employees and/or related persons, without your prior authorization. In such cases, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata share of any fees.

When we execute transactions in foreign ordinary securities outside the United States, we may use the services of foreign Unaffiliated Investment Firms. These foreign Unaffiliated Investment Firms may handle your order as agent and assess a commission charge, or they may transact as principal and receive a dealer spread or markup/down. Additionally, to the extent a foreign currency conversion transaction is required to facilitate trade settlement, the foreign Unaffiliated Investment Firm (or its affiliate) effecting the currency conversion will be remunerated in the form of a dealer spread or markup/down. Although the remuneration received by the foreign Unaffiliated Investment Firm is not disclosed to or by us in net price transactions, we will undertake, upon your written request, to determine or ascertain from the contra-party this remuneration in a given transaction for your Account. The commission charges and/or dealer spreads of foreign Unaffiliated Investment Firms may also accrue when foreign issuers terminate an ADR facility, thereby necessitating conversion of ADRs to foreign ordinary share form. In such circumstances, the prices obtained for the post-conversion security may be less beneficial to you than if the ADR remained intact. These commission charges and/or dealer spreads are in addition to the Merrill Lynch Fee payable under the Client Agreement.

We and our affiliates may effect agency-cross transactions in which we or one of our affiliates acts as broker for the parties on both sides of the transactions involving MAS or other clients in accordance with applicable law. When effecting such crossing transactions, we or our affiliates generally receive compensation (the amount of which varies) from the other party to such transactions, which compensation from the other party is in addition to the fees described herein. While such compensation, in theory, creates a conflicting division of loyalties and responsibilities, transactions involving MAS are directed by your Investment Manager (which could be a Related Manager), and we will be acting solely as a broker-dealer in connection with such trades.

We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct any errors as promptly as possible without disadvantaging the client. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the client. In general, in instances where we are responsible for effecting the transaction, we may: (i) reimburse clients for any losses directly resulting from trade errors; (ii) credit to the client any profits directly resulting from such trade errors that are corrected after the settlement of the transaction; or (iii) retain any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

### **PROXY VOTING AND OTHER LEGAL MATTERS**

Unless otherwise designated in the MAS Client Agreement or other writing addressed to us (or another custodian you select), you direct your Investment Manager for your Account to vote the proxies and receive other issuer-related material relating to the securities held in your Account, and you represent in the Client Agreement that, under any applicable instruments or governing law, you are authorized to make such direction. To the extent that we are the custodian and voting instructions are not received, we will comply with the rules and policies of the SEC and applicable self-regulatory organizations, consistent with our role as a non-discretionary custodian.

In addition, we do not advise or act for you regarding any legal matters, including bankruptcies and class action, pertaining to the securities held in your Account, nor will we be responsible for making any tax



credit or similar claim or any legal filing (including, but not limited to proofs of claim) on your behalf. Unless otherwise agreed, we will send you any documents we receive for client distribution with regard to such matters.

As a broker-dealer, we use a third-party service provider for certain proxy-related functions, including processing and forwarding proxy and other issuer-related materials, and receive amounts collected by the vendor for the costs of these services as permitted by applicable securities regulation.

### **ACCOUNT FEES**

You will be charged the Merrill Lynch Fee, payable quarterly in advance on all assets in your Account, including assets held by a Related Company Custodian or Unrelated Custodian and assets purchased on margin or other extensions of credit by us or our affiliates. The Merrill Lynch Fee covers the services we render, including custodial, transaction, execution, quarterly performance reporting, and fees for other account-related services provided by us or our affiliates with respect to your Account. The Merrill Lynch Fee does not cover the services of Investment Managers. The full amount of the Merrill Lynch Fee payable under the Client Agreement will be charged in accordance with the terms of the Client Agreement, regardless of your use of any of the services offered under MAS or the amount of transactions your Investment Manager chooses to effect in your Account. Typically, the Merrill Lynch Fee is charged on the second Tuesday of January, April, July and October.

The Merrill Lynch Fee schedule is generally as follows:

Dollar Value of Assets In Each MAS Account	Annual Equity/ Balanced/Convertible/ REIT Maximum Fee Schedule	Annual Fixed- Income Maximum Fee Schedule
Up to \$1 million	1.80%	.65%
\$1,000,000 – 1,999,999	1.35%	.65%
\$2,000,000 – 4,999,999	1.35%	.50%
\$5,000,000 – 9,999,999	1.00%	.45%
\$10 million or greater	Determined by Mutual Agreement	Determined by Mutual Agreement

For purposes of determining whether a reduced Merrill Lynch Fee rate applies, we will consider the aggregate value and composition of assets in your Account(s). The Merrill Lynch Fee rate applicable to an Account will not change during a calendar quarter, and any decrease in the Merrill Lynch Fee rate will take effect at the beginning of the next calendar quarter.

You should note that any security purchased prior to enrolling in MAS and subsequently transferred into a MAS Account will be subject to the Merrill Lynch Fee. This means that you may pay both an up-front commission (when the security was purchased prior to enrolling in MAS) as well as a Merrill Lynch Fee (once enrolled in MAS) in connection with the purchase of the same security.

The Merrill Lynch Fee you pay may be negotiable depending on a number of factors. Such factors include, but are not limited to, the:

- Amount of your assets;
- Number and size of your related accounts maintained at Merrill and our affiliates;
- Range and extent of services provided or to be provided to you; and

- Financial Advisor assisting you.

The Merrill Lynch Fee that is negotiated is subject to change. Upon request, and at no charge, we will provide additional detailed information regarding your Merrill Lynch Fee. Please contact your Financial Advisor if you would like to receive this more detailed Merrill Lynch Fee information.

Other pricing arrangements, typically involving multiple accounts, products or services, may also be available to certain clients. While clients entering into such arrangements may pay higher fees for any particular component being offered, such as fees higher than those shown above for MAS, the pricing arrangement as a whole will generally result either in the same or lower fees in aggregate for all the accounts, products or services provided or for the inclusion of additional products and services.

We may, from time to time, enter into specialized agreements to provide particular or unique services to certain clients, subject to negotiated fees. The fees for certain of the services described in this Brochure may be reduced for our employees or affiliates or clients who may be subject to prior fee schedules. For more information regarding the above programs or any other services we offer, please contact your Financial Advisor.

You should note that any security purchased prior to enrolling in MAS and subsequently transferred into a MAS Account may be subject to the Merrill Lynch Fee. This means that you would pay both an up-front commission (when the security was purchased prior to enrolling in MAS) as well as a Merrill Lynch Fee (once enrolled in MAS) on the transferred security.

### **CALCULATION OF ACCOUNT FEES; INELIGIBLE ASSETS**

Merrill Lynch Fees are payable quarterly in advance based on the estimated value of your Account's assets as of the last business day of the previous calendar quarter, as determined by us or another custodian holding such assets. Merrill will use a variety of pricing sources in calculating the value of such assets in your Account, including Affiliates. All assets (including cash, deposit accounts and cash alternatives) are included in the value of your Account for the calculation of the Merrill Lynch Fee, unless we have deemed that any assets are ineligible for the Program, in which case, such assets would not ultimately be subject to the Merrill Lynch Fee. Depending on when such ineligible assets are contributed to, or liquidated/transferred from, the Account, such assets will be either: (i) excluded from the value of your Account for the calculation of the Merrill Lynch Fee; or (ii) included in the Account's value for that calculation but you will receive a subsequent adjustment for any Merrill Lynch Fees charged for holding those ineligible assets. See "Funding and Operation of MAS Accounts—Funding Accounts" for a description of certain ineligible assets; in addition, any money market mutual funds that are not held through any relevant cash sweep vehicle applicable to your Account are considered ineligible assets, and, therefore, are not ultimately subject to the Merrill Lynch Fee and, similar to the process described above under "Funding and Operation of MAS Accounts—Funding Accounts", will subject your Account to termination if not timely liquidated or transferred out of your Account. For the avoidance of doubt, any money market mutual funds that are held through any cash sweep vehicle applicable to your Account, are eligible assets and, therefore, are subject to the Merrill Lynch Fee. In certain limited circumstances, where an Investment Manager purchases or holds contributed mutual fund shares (whether money market mutual funds or otherwise) in your Account as part of its Strategy, such shares would be subject to the Merrill Lynch Fee. As noted in the section "Account Fees", Merrill Lynch Fees do not cover the services of Investment Managers, and while Merrill may not consider all Account assets for purposes of your Merrill Lynch Fee, your Investment Manager may do so for its fee.

For the initial quarter, fees are calculated proportionally based upon the number of days left in such quarter from the date our advisory relationship begins, which occurs on the date of acceptance of the signed agreement by us. The initial Merrill Lynch Fee is based on the estimated value of the Account as of

the close of business on the day preceding notification to the Investment Manager to begin managing the MAS Account. You may elect to have Merrill Lynch Fees paid by debit from the MAS Account, debit from an alternate Merrill account, or through the payment of an invoice.

No Merrill Lynch Fee adjustment will be made for contributions or partial withdrawals, or for Account appreciation or depreciation, within a billing period.

The account value used for the calculation of fees may differ from that shown on your monthly securities account statement and performance report due to a variety of factors, including trade date or settlement date accounting, the treatment of accrued income, round lot valuation and other considerations. Further, it should be noted that the valuation of client securities reported in the performance report may also be subject to occasional re-pricing in reasonable and appropriate circumstances, but such re-pricing will not affect, or result in the adjustment of, previously calculated Merrill Lynch Fees.

### **DEDUCTION OF ACCOUNT FEES**

As set forth in the Client Agreement, you may authorize us to deduct the Merrill Lynch Fee from your Account. We also may, for your convenience and if so agreed between you and your Investment Manager, deduct from your Account the advisory fee that you have agreed to pay your Investment Manager ("Investment Manager Fee"). We will remit your Investment Manager Fee to your Investment Manager. The Investment Manager Fee will be deducted in addition to, but after, the Merrill Lynch Fee payable to Merrill. You may also directly remit your Investment Manager Fee to your Investment Manager.

To the extent permitted by law, all assets in your Account or other assets held by Merrill or any affiliate for you will be subject to a lien for the discharge of your obligation to make timely payment to us, we may sell assets in your Account to satisfy this lien.

### **ABILITY TO OBTAIN THE MAS SERVICES SEPARATELY**

You should be aware that the same or similar services and investments available through MAS, including Funds, may be obtained through other Merrill programs and/or services, on a separate or combined basis. These other Merrill programs may provide you with services and investments at rates that may be lower than the Merrill Lynch Fee payable under your Client Agreement.

In addition, a relationship with an Investment Manager also may be maintained in a commission-based brokerage account in which commission-based fees are charged on a per transaction basis. It is your responsibility to review these other account types and programs with your Financial Advisor to determine whether they are more appropriate for you than MAS or should be used in addition to MAS.

In comparing the account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an advisory or brokerage relationship;
- Your preference for a discretionary or a non-discretionary relationship;
- Your preference for a fee-based or commission-based relationship;
- The types of investment products that are available in each program or service and their costs;
- Whether a particular investment Strategy as implemented by the Investment Manager in the Account is available through another Merrill program or service;
- How much trading activity the Investment Manager expects to take place in your Account;
- How much the Investment Manager is expected to allocate to cash;

- The frequency and type of client profiling reports, performance reporting and account reviews that are available in each program or service; and
- The scope of ancillary services that may be available to you in a brokerage account, but which are not available in an advisory program.

Further, the Merrill Lynch Fee may be higher or lower than the fees charged by other firms offering comparable services.

### **OTHER FEES AND EXPENSES**

We want you to know that Merrill Lynch Fee does not cover:

- Management fees you pay to your selected Investment Manager (and set by such manager);
- Transaction charges on trades effected through or with an Unaffiliated Investment Firm (including on fixed-income or over-the-counter transactions in which we act as agent);
- Markups or markdowns by other broker-dealers (including on fixed-income or over-the-counter transactions in which we act as agent);
- Transfer taxes;
- Margin interest and fees and charges charged by us or third parties, that are imposed for any securities that are deemed “in demand” and such securities are the subject of an option strategy, long/short strategy or other margin or short sell strategy;
- Fees charged by us or third parties that are not affiliates in connection with short sale transactions;
- Fund redemption fees and contingent deferred sales charges for mutual fund shares contributed to, or purchased into, your Account;
- Exchange, alternative trading system fees, required SEC fees or similar fees (such as for ADRs) charged by third parties, including issuers;
- Electronic fund, wire and other account transfer fees;
- Any fees and expenses associated with your use of a Related Company Custodian or an Unrelated Custodian; and
- Any other charges imposed by law or otherwise agreed to with regard to your Account.

Among other services provided, we may effect transactions for any Funds, and any compensation paid to us by the Funds, or our affiliates, is in addition to the Merrill Lynch Fees. Due to the additional economic benefit to us when a MAS Account is invested in a Fund, a conflict of interest exists. For more information about other compensation we receive in connection with MAS and from Investment Managers participating in MAS, see the section below *Client Referrals and Other Compensation - Other Compensation*.

As noted above, on trades effected through or with us, we will not charge a commission on agency transactions. On principal transactions effected with us, as permitted by law, we will not charge a markup or markdown from the prevailing market price on a per-transaction basis for its execution services. However, principal transactions may be subject to a dealer spread (*i.e.*, the difference between the bid and the offer price), which results in additional compensation or other benefit to us.

The Merrill Lynch Fees do not cover charges (generally the dealer spread) imposed by Unaffiliated Investment Firms on step out trades as dealers, including where Merrill or its Affiliates act as agent in

executing fixed income or over-the-counter transactions. Clients for which an Investment Manager places any fixed income, foreign or securities trades on an over-the-counter basis through Unaffiliated Investment Firms will not receive a discount from, or credit against, the Merrill Lynch Fee for any markup or mark-down imposed by the executing Unaffiliated Investment Firm. Neither the Merrill Lynch Fee nor the Investment Manager Fee covers these transaction execution costs. See “Funding and Operation of MAS Accounts – Trading in MAS Accounts” for more information on step out trades.

Please note that cash or a security that has been purchased in a brokerage or other account at Merrill or an Affiliate or at another investment firm and is moved into MAS, including those purchased in an initial public offering or any primary or secondary new issue offering, will become subject to the Merrill Lynch Fee immediately. For such purchases, you will have paid an up-front commission or transaction charge and upon transfer to MAS you will pay the Merrill Lynch Fee once the security is held in an Account enrolled in MAS. This means for securities purchased in a brokerage account at Merrill or an Affiliate, we and your Financial Advisor receive compensation in the form of sales commissions as well as from the ongoing Merrill Fee once the security is transferred to an Account.

If your Investment Manager determines to execute a purchase or sale of any security for your Account through a broker or dealer other than us, any resulting execution charges will be separately charged to that Account.

MAS Accounts are generally not permitted to effect margin transactions. However, when so permitted, the margin interest you pay on debit balances is not included in the Merrill Lynch Fee. Financial Advisors receive additional compensation in such circumstances as well as, in limited cases, from rights or tender offers.

### **MARGIN, UNCOVERED OPTIONS AND SHORT SALES STRATEGIES**

If your Investment Manager uses Options and Margin Strategies, you will incur costs in addition to the Merrill Lynch Fee. Although you will be paid interest on the short market value of any securities sold short in your Account, Merrill will also benefit from these short sale positions. The rate of interest paid to you will be determined by Merrill in our sole discretion and will reflect the retention of compensation by us. In addition, you will be charged fees, as reflected on your Account statements, for any securities that are deemed by us to be “in demand” either at the time your Investment Manager sells such securities short or at any time before the short position is “closed out” by your Investment Manager.

Investment Managers that sell securities short will use cash generated from short sales to purchase additional securities, *i.e.*, leverage. If margin is used by your Investment Manager or if adverse market conditions trigger a margin call, you will pay interest pursuant to the Merrill Margin Lending Program Client Agreement (“Margin Agreement”).

### **LOANS AND COLLATERAL**

If your Account assets are “pledged” or used as collateral, with our consent, in connection with loans obtained through a Lending Program, the costs associated with such a lending arrangement under a Lending Program are not included in the Merrill Lynch Fee and results in additional compensation to us, our affiliate(s) and our Financial Advisors.

### **CASH ASSETS**

The Merrill Lynch Fee will be applied to any cash and eligible cash alternatives held within your Account, regardless of whether it is held as cash investments or cash that is automatically swept into a cash sweep vehicle. As provided in your Account’s underlying Merrill securities account agreement, unless you elect a

“no sweep option”, cash in your Account that is not invested by your Investment Manager will automatically be invested or “swept” in accordance with the cash sweep vehicle that is designated in the Merrill securities account agreement. See “Funding and Operation of MAS Accounts — Cash Balances and the Cash Sweep Feature.” Cash alternatives include money market funds and bank deposit products.

The Merrill Lynch Fee is in addition to other compensation that we and our Affiliates will earn in connection with these assets. See “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading — Participation or Interest in Client Transactions — Cash Balances and Cash Sweep Arrangements” for more information. You may experience negative performance on the cash portion of the assets held in your Account if the Merrill Lynch Fee charged on that asset class’ investments is higher than the return you receive from those investments.

There are alternatives available to you for holding cash and cash alternatives, including a securities brokerage account or a bank account with one of our Affiliated Banks or at other banking institutions. In these account alternatives, you will be able to contribute and hold cash and cash alternatives and not be subject to a Merrill Lynch Fee charge. These accounts may offer yields on your cash holdings that are higher than those offered in the Program. Any cash or other assets held outside of the Program will not be considered in the Program for your Account. We will not be considered an investment advisor or fiduciary with respect to any cash or cash alternatives held in accounts outside of the Program.

### **COMPENSATION FOR MAS**

We, our affiliates and employees benefit from the fees and charges you pay for the services described in this Brochure. You may also use other products or services available from or through us and, in such case, pay additional compensation. Financial Advisors offering these services and providing ongoing assistance to you will, in turn, receive compensation from us.

Financial Advisors who assist you in enrolling in MAS receive a portion of the Merrill Lynch Fee. Since a Financial Advisor’s compensation is based on the total Merrill Lynch Fee charged to you, the Financial Advisor has a disincentive to reduce the Merrill Lynch Fee below a level that will negatively impact the Financial Advisor’s revenue on each account. The amount of compensation a Financial Advisor may receive from your enrollment in MAS may also be more or less than the compensation that the Financial Advisor might receive if you had instead participated in other programs offered by us or our affiliates or had purchased the services provided through MAS separately. If there is higher compensation, the Financial Advisor has a financial incentive to recommend you select MAS over other programs or services offered by us or our affiliates.

Further, separate and apart from MAS, Financial Advisors may assist you with your brokerage accounts and recommend the purchase or sale of securities, including stocks, bonds, mutual funds and other investments, as well as other products and services available through us and our affiliates. In such cases, we and our Financial Advisors receive compensation in connection with their clients that is usually associated with or generated by such products, services and transactions. This compensation includes commissions, markups, or markdowns, asset-based or subscription fees, mutual fund sales loads, Rule 12b-1 fees or other remuneration as may be described in the applicable confirmations, prospectuses, subscription agreements or other offering documents (collectively, “Selling Broker Compensation”). To the extent that a Financial Advisor is a broker of record for the transaction, we and our Financial Advisors receive Selling Broker Compensation associated with mutual funds that you purchase, including for purchases executed outside of us. You should review all of this material carefully in determining whether to proceed with any such investments. Such compensation paid in connection with those transactions in our brokerage and other programs will be in addition to the fees charged for MAS if these securities are transferred to an Account enrolled in MAS. We encourage you to speak with your Financial Advisors at any

time about any of these matters, including the extent to which the Selling Broker Compensation varies among share classes.

The MAS program may include Investment Managers that are Related Managers and Unrelated Managers. The selection of Related Managers results in increased compensation to us or an affiliate. Thus, we have a conflict of interest when recommending, selecting, monitoring and considering the removal or status change of Related Managers because we and our affiliates have an incentive to favor Related Managers over those whose selection might be expected to result in less total compensation to us and our affiliates.

### **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

#### **CLIENT ELIGIBILITY**

Investors eligible to participate in MAS include, but are not limited to, individuals, trust and estates (to the extent allowed by state law), charitable organizations, banks, corporations, or such other participants as we determine in our discretion and in accordance with applicable law.

#### **ACCOUNT MINIMUMS**

The minimum account size for a MAS Account generally is \$100,000, but we, in our discretion, may accept accounts less than \$100,000. You may fund your Account with cash and/or securities acceptable to us. When funding an Account with securities (or otherwise transferring securities into an Account), however, you should bear in mind that your Investment Manager may decide to sell all or a substantial portion of such securities and that you will be responsible for any tax or other liabilities (such as CDSC on certain classes of mutual fund shares) resulting from such transactions.

#### **CLOSING AN ACCOUNT AND/OR TERMINATING THE CLIENT AGREEMENT**

The Client Agreement may be terminated at the direction of you or us as described in that agreement. Upon termination, we will refund any prepaid Merrill Lynch Fee on a pro rata basis as specified in the Client Agreement or as required by law. Termination of the MAS Client Agreement is separate from, and will have no automatic effect on, any agreement entered into between you and each selected Investment Manager, nor will it, in any case, affect or preclude the consummation of any transaction initiated prior to termination. You also have the responsibility to notify your Investment Manager of your decision to terminate the Client Agreement or terminate your agreement with your Investment Manager. You further understand that neither Merrill nor our Financial Advisors are responsible for notifying your Investment Manager of your decision to terminate the MAS Account or your agreement with your Investment Manager. Neither Merrill nor your Financial Advisor shall be responsible for any losses incurred by you as a result of your failure to notify the Financial Advisor of the termination of your agreement with the Investment Manager.

Should you desire to begin placing orders with the Financial Advisor for your Account, the Client Agreement may be terminated, and your Account may be converted to a commission-based brokerage account for which transaction-based fees would be charged. You will be responsible for notifying your Investment Manager of the termination of the Client Agreement, as described above. We reserve the right, in our sole discretion, to reject any transaction order from you.

The termination of your Financial Advisor's employment with Merrill will not automatically terminate the Client Agreement. In the event that your Financial Advisor is no longer able to service your Account, Merrill may reassign that Account to a different Financial Advisor and you will be notified of any such changes.

## PORTFOLIO MANAGER SELECTION AND EVALUATION

### **SELECTION OF INVESTMENT MANAGERS**

Selection of your Investment Managers is at your sole discretion, and, except as described below, we have not and will not evaluate any Investment Manager or your Investment Manager's investment style or Strategy for compatibility or suitability with your objectives. Generally, we do not authorize Investment Managers to make any statements pertaining to us, or any Investment Manager's participation in any Merrill service or program, including MAS. You represent and warrant that you have independently selected each Investment Manager and investment style and believe that each Investment Manager and investment style is appropriate for your Accounts. You further represent and warrant that you have not asked for, received or relied upon our advice in making each selection.

We make no representations regarding the qualifications of your Investment Manager. We do not endorse, recommend or otherwise suggest that your Investment Manager will make suitable investment decisions for you. We do not undertake to investigate or monitor the suitability of your Investment Manager's investment decisions. To the extent that you become aware of investment decisions by your Investment Manager that are unsuitable for your Account, you should contact your Financial Advisor or your Investment Manager.

We do not specifically identify or select Investment Managers to participate in MAS, and we do not maintain a roster of approved MAS Investment Managers from which you may select. However, we may have, or may have in the past had, certain relationships or been affiliated with an Investment Manager, as described more fully below.

We do not calculate the performance of Investment Managers, and neither Merrill nor any third party reviews Investment Manager performance information to verify its accuracy or its compliance with presentation standards. Performance information may not be calculated on a uniform or consistent basis.

You are responsible for the continued review of your Accounts and the performance of your Investment Manager. We are not responsible for the investment decisions your Investment Manager makes. You are responsible for reviewing your Account performance in light of your Account's asset allocation and investment performance, and contacting your Investment Manager if they have questions or concerns. We do not assume responsibility for replacing or recommending the replacement of Investment Managers.

### **INVESTMENT MANAGERS**

Most of your Investment Managers from which we receive investment directions in MAS are Unrelated Managers. However, certain Investment Managers may be, or have been in the past, Related Managers. The status as a Related Manager creates additional conflicts of interest. Unless otherwise noted in this Brochure, the services provided by us and your Financial Advisor to you will not be affected by the type of Investment Manager you have retained, and in MAS, we do not and will not conduct any due diligence on, or ongoing monitoring of, any Investment Managers.

In certain instances your Investment Manager may have referred clients to your Financial Advisor, or Merrill programs or services, including MAS. In these instances, a conflict of interest exists between you and your Financial Advisor, Merrill and/or your Investment Manager. Please ask your Financial Advisor and/or Investment Manager for more information regarding Investment Manager referrals.

#### *Referral-Arrangement Managers*

In very limited instances, we have entered into contractual arrangements through which we are compensated for referring you to Referral-Arrangement Managers. If you have been introduced to such a



Referral-Arrangement Manager, we will provide a written statement describing the terms of the arrangement and a copy of the Referral-Arrangement Manager's brochure.

You also will be required to sign an acknowledgement of your receipt of these materials. Because we are compensated for referring clients to Referral-Arrangement Managers, this presents a conflict of interest that you should be aware of and consider before choosing a Referral-Arrangement Manager for MAS.

### *Legacy Managers*

While we may have previously conducted due diligence or ongoing monitoring of Legacy Managers in the Previous Program, we are not responsible for conducting any due diligence or monitoring in MAS beyond that described in this Brochure and the Client Agreement. You should not consider any prior statements that we or your Financial Advisor may have made concerning a Legacy Manager, including any written materials or Legacy Manager information distributed by us, when deciding whether or not to retain the services of a Legacy Manager.

### **RELATED MANAGERS**

The MAS program may allow you to use the services of Investment Managers that are Related Managers. The selection of a Related Manager results in increased compensation to us or an affiliate. Again, Merrill will not recommend and does not provide any due diligence on any Investment Manager, including Related Managers, in MAS.

Merrill will receive revenue and other economic benefits to the extent that assets in the Account are purchased on margin since the Merrill Lynch Fee is ultimately applied to all eligible assets in the Account, including those that have been bought on margin, and also as a result of the imposition of margin interest. Related Managers therefore have an incentive to use margin to purchase additional Account assets instead of selling an existing Account asset to buy new Account assets. The use of margin to buy additional Account assets keeps the total value of the Account, and the Merrill Lynch Fee imposed, more than it would otherwise be without the use of margin.

A Related Manager also has an incentive to purchase or hold shares of a Related Fund. A Related Manager or its affiliates may receive investment management fees paid by Related Funds held in your Account. We receive an indirect benefit through the receipt of these fees by a Related Manager.

In addition, other Bank of America affiliates or divisions, such as BANA, may offer their own managed products or wrap programs that are similar to this or other Merrill programs. In particular, we may also provide advice and/or recommendations to these different affiliates or divisions, including advice related to the recommendation of certain Investment Managers. Importantly, the advice and recommendations provided to us may be different from or conflict with the advice and recommendations provided to other affiliates. This is due to, among other things, the differing nature of the affiliate's investment advisory service and differing processes and criteria upon which determinations are made. For example, we may recommend a specific Investment Manager for inclusion in a BANA program, but not a Merrill program.

### **MERRILL AND CERTAIN AFFILIATES ACTING AS PORTFOLIO MANAGERS**

*Advisory Services Provided by Merrill and Certain Affiliates.* Investment Managers, which may include Related Managers, are exclusively responsible for the management of client assets as described in the section *Services, Fees and Compensation*.

*Tailored Investment Advice.* As described in the section *Services, Fees and Compensation*, you will enter into a separate agreement with your selected Investment Manager, which may be a Related Manager, for

the management of your assets. You may impose reasonable investment restrictions on your Account but you must communicate such restrictions to your Investment Manager.

**Wrap Fee Programs.** Merrill acts as the wrap fee program sponsor and also acts as the portfolio manager in other wrap fee programs sponsored by us. We receive the Merrill Fee as described in this Brochure. Your Investment Manager, which may be a Related Manager, charges a separate management fee for services. We also act as a portfolio manager in certain investment advisory programs which are not wrap fee programs but are otherwise similar to the program described in this Brochure.

**Performance-Based Fees.** The Program does not charge performance-based fees.

**Methods of Analysis.** As noted in the section *Portfolio Manager Selection and Evaluation*, selection of your Investment Manager is at your sole discretion, and, except as described in such section, we have not and will not evaluate any Investment Manager or your Investment Manager's investment style or strategy. You should understand that all investments involve risk (the amount of which may vary significantly), that investment performance can never be predicted or guaranteed and that the value of your Account will fluctuate due to market conditions and other factors.

**Voting Client Securities.** As described in the section *Funding and Operation of MAS Accounts - Proxy Voting and Other Legal Matters* unless otherwise designated in the Client Agreement or other writing addressed to us or another custodian you select, you direct your Investment Manager for each MAS Account to vote the proxies relating to the securities held in the MAS Account.

### CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As part of the enrollment process into MAS, you may need to provide information about your financial circumstances, investment objectives, risk tolerance and other relevant information relating to your Account. With certain exceptions, this information will not be provided to your Investment Manager.

You are obligated to notify your Financial Advisor promptly of any material change in financial circumstances, investment objectives or investment restrictions (if any) that may affect account management. You are notified periodically to emphasize the need for you to report such information. The management of your Account is the responsibility of your selected Investment Manager. Accordingly, you must also provide any such updated information directly to your Investment Manager, and neither Merrill nor our Financial Advisors have any obligation to communicate such information to your Investment Manager.

### CLIENT CONTACT WITH PORTFOLIO MANAGERS

We do not place any restrictions on your ability to contact and consult with your Investment Manager. Under MAS, you enter into an agreement with your Investment Manager and that agreement will discuss your ability to contact your Investment Manager.

### ADDITIONAL INFORMATION

#### DISCIPLINARY INFORMATION

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your decision of whether to retain us for your investment advisory needs. Certain disclosures below relate to disciplinary events that occurred with predecessor firms, Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"), which each merged with

MLPF&S in the 2009-2010 time period. You can find additional information regarding these settlements in Part 1 of Merrill's Form ADV at: [adviserinfo.sec.gov/IAPD](http://adviserinfo.sec.gov/IAPD).

On August 20, 2018, the SEC announced that MLPF&S, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered MLPF&S's remedial acts promptly undertaken and cooperation afforded the SEC staff. MLPF&S consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

On June 16, 2014, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement relating to its failure to have an adequate supervisory system to ensure that certain clients received sales charge waivers for purchases of certain mutual funds' Class A shares, which affected certain retirement accounts and certain clients with a particular type of brokerage account. This settlement resulted from MLPF&S self-identifying certain of these issues. MLPF&S consented to the imposition of a censure and a fine of \$8 million and agreed to provide additional reimbursement to the agreed upon impacted clients. It has reimbursed all such impacted clients.

On June 21, 2012, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement related to the following: (1) failure to have an adequate supervisory system around billing processes for certain investment advisory programs and, as a result, overcharging certain client accounts during the 2003-2011 time period (client accounts impacted were less than 5% of its total advisory accounts and the aggregate fee overcharge amount was less than one-half (1/2) of 1% (approximately \$32 million) of the total advisory fees billed during that period); (2) failure to send contemporaneous or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) having inaccurate or incomplete trade confirmations for certain mutual fund transactions by failing to state the trade capacity as agent or a principal on trade confirmations and account statements; (4) failure to deliver (directly or through a vendor) proxy materials to certain clients or to their designated investment advisers and failure to have an adequate supervisory system to detect this failure (clients impacted constituted less than 1% of its clients during the relevant period); and (5) failure to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts (clients impacted were less than 1% of its clients during the relevant period). In determining the appropriate sanctions, FINRA considered MLPF&S' internal review through which it identified the violations, the remedial measures that it took to correct its systems and procedures, and its efforts to provide remediation to affected clients. MLPF&S consented to the imposition of a censure and a fine of \$2.8 million. All overcharged accounts were reimbursed.

On October 4, 2011, MLPF&S entered into a consent agreement with FINRA regarding its alleged failure to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that MLPF&S failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, MLPF&S consented to the entry of findings, a censure, and a fine of \$1 million.

On June 6, 2009, BAI and BAS, two of our predecessor firms, were enjoined by the United States District Court for the Southern District of New York from violating, directly or indirectly, Section 15(c) of the Exchange Act. The injunction was the result of an SEC complaint alleging that BAI and BAS had violated Section 15(c) by allegedly misleading customers about the nature and risks associated with auction rate securities ("ARS"). Without admitting or denying the allegations, BAI and BAS entered into a consent decree and agreed to a series of undertakings designed to provide relief to certain individual investors. On

January 10, 2012, MLPF&S agreed to settlements with the Illinois Securities Department (for alleged activities of BAS and BAI) and the North Carolina Department of the Secretary of State, Securities Division (for ARS activities of MLPF&S) involving the marketing and sale of ARS. In both actions, it was alleged that the inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS that constituted an occurrence of dishonest and unethical practices in the offer and sale of securities and failure to supervise. In the Illinois action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS and to pay a total fine of \$1,578,321 to the State of Illinois out of a total civil penalty of \$50 million that was to be distributed among the other state regulator parties to an ARS-related consent order. With respect to the North Carolina action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS held by certain of its clients and to pay a total fine of \$3,193,552 to the North Carolina regulator representing its portion of a total civil penalty of \$125 million that was to be distributed among the other state regulator parties to an ARS-related consent order.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Merrill, an indirect wholly-owned subsidiary of Bank of America, is a leading global investment banking firm and a registered broker-dealer and investment adviser. In the United States, Merrill acts as a broker (i.e., agent) for our corporate, institutional and private clients. Through our own arrangements and through our affiliate, BofA Securities, Inc. ("BofAS"), we have access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. Merrill also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. Merrill operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. In May 2019, Bank of America separated the retail and institutional broker-dealer activities that had operated through MLPF&S into two distinct legal entities. Retail customers continue to be serviced through MLPF&S, while institutional clients are serviced through BofAS.

As a registered investment adviser, Merrill completes a Form ADV, which contains additional information about itself, Bank of America and their affiliates. Information is available through publicly available filings at the SEC.

For purposes of Form ADV Part 2, certain Merrill management persons are registered as registered representatives or associated persons of Merrill. In the future, additional Merrill personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

Bank of America, through its subsidiaries and affiliates, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include: (1) securities brokerage, trading and underwriting; (2) investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; (3) wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; (4) origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; (5) securities clearance, settlement financing services and prime brokerage; (6) private equity and other principal investing activities; (7) proprietary trading of securities, derivatives and loans; (8) banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; (9) insurance and annuities sales and (10) providing research including: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy. Bank of America is subject to the reporting

requirements of the Exchange Act and additional information about Bank of America can be found in publicly available filings with the SEC. From time to time, a shareholder of Bank of America may acquire a sufficiently large interest in Bank of America that the holding triggers statutory or regulatory obligations or restrictions. In such event, our ability to take certain actions or make recommendations within your Account, such as buying or selling securities issued by the shareholder or its affiliates, may be limited.

We, through our Financial Advisors, may suggest or recommend that clients, including MAS clients, use our securities account, execution and custody or other services, or such services of an affiliate. Similarly, Financial Advisors, who also handle clients' brokerage accounts, may suggest or recommend that clients purchase our products or products of an affiliate. Where Merrill's or our affiliate's services are used or products are purchased by clients, we and our affiliates will receive fees and compensation. As permitted by applicable law, Financial Advisors receive compensation (the amount of which varies) in connection with these products and services.

In certain instances and subject to the restrictions discussed below in the section entitled *Participation or Interest in Client Transactions – Funds and Related Investing*, your Investment Manager may invest in Related Funds. We receive compensation when you invest in shares of these Funds in a Program Account. We benefit from our economic interest in Related Companies and our relationship with Bank of America whenever such entities or their affiliates receive compensation for providing investment advisory, administrative, transfer agency, distribution or other services to their Related Funds or other investment products. The extent of this benefit will be greater than when we or our affiliates do not have an economic interest in the firm providing such services. As a result, we benefit from increased sales of Related Funds and other investment products of Related Companies and Bank of America affiliates to you to a greater extent than from increased sales of Funds or investment products sponsored by other firms in which we and our affiliates do not have a similar economic interest or relationship.

Each of the Related Funds pays investment management fees to its investment adviser and, like Unrelated Funds, incurs other expenses.

From time to time, Merrill enters into distribution agreements with one or more asset managers pursuant to which Merrill distributes certain products and services sponsored or advised by the asset manager.

Consistent with applicable laws, management and employees of Bank of America and its affiliates may be provided a broader level of access and exposure to Merrill, our management, Financial Advisors and other personnel, marketing events and materials, and client-related and other information. Such access and exposure may not be available to other asset managers and enhances the ability of Bank of America affiliates to distribute their funds and other investment products through us.

We address conflicts described in this section and throughout the Brochure relating to compensation in a variety of ways, including disclosure of the conflicts in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs that are suitable for you based upon your investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential and actual conflicts of interest – both those arising between and among program accounts as well as between program accounts and our business. That said, your Investment Manager, not Merrill or your Financial Advisor, will recommend individual securities and exercise investment discretion.

### **RECEIPT OF COMPENSATION FROM INVESTMENT ADVISERS**

While we do not recommend or select Investment Managers participating in MAS, we and our affiliates have business relationships with many Investment Managers, including those participating in MAS, separate and apart from MAS. For example, these Investment Managers may direct your transactions to us and receive research, execution, custodial, pricing and other services offered by us in the normal course

of our business. We and our Financial Advisor may receive compensation in connection with such transactions and other services. You are encouraged to speak with a Financial Advisor to discuss any questions that you may have about existing or potential conflicts of interest relating to your Account.

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

#### **CONFLICTS OF INTEREST AND INFORMATION WALLS**

Merrill and its parent company, Bank of America, engage in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize actual, potential and perceived conflicts of interest develop in the normal course of operations in various parts of the Bank of America organization. To address these conflicts, information walls are in place which are designed to allow multiple businesses to engage with the same or related clients at the same time while mitigating any conflicts arising from such a situation. For example, information walls are designed to prevent the unauthorized disclosure of material nonpublic information and allow public side sales, trading and research activities to continue while other businesses within Bank of America possess material nonpublic information. Additionally, Bank of America maintains a Code of Conduct which provides guidelines for the business practices and personal conduct all associates and board members are expected to adopt and uphold.

Managing conflicts of interest is an integral part of Bank of America's risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Each of Bank of America and Merrill evaluates its business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid them.

#### **CODE OF ETHICS**

We have adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering our personnel who are involved in the operation and offering of investment advisory services. The Code of Ethics is based on the principle that clients' interests come first, it is intended to assist employees in meeting the high standards that we follow in conducting our business with integrity and professionalism. The Code of Ethics covers requirements relating to:

- Employees complying with all applicable securities and related laws and regulations;
- Reporting and/or clearance of employee personal trading;
- Prevention of misuse of material nonpublic information; and
- Obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

Covered personnel must certify to the receipt of the Code of Ethics. We will provide a copy of the Code of Ethics to you upon request.

We also have imposed policy restrictions on all personnel for transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring certain personnel obtain specific approval of securities transactions and have implemented procedures for monitoring these transactions as well as those of all employees. . Our requirements impose certain responsibilities on Financial Advisors and their trading. Financial Advisors are permitted to participate in block trades along with their clients and/or other Program clients.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

#### **PRINCIPAL, AGENCY-CROSS AND CROSS TRADES**

We will not charge a commission on agency transactions in your Account. There may be instances in which we or an affiliate act as principal in effecting an investment transaction for your Account, in accordance with applicable law. If we or an affiliate effect a principal transaction for your Account, we will not charge a markup or markdown. However, principal transactions may be subject to a spread, underwriting fee or selling concession, which would result in additional compensation or other benefit to Merrill or an affiliate. You have authorized transactions for your Account to be effected on a stock exchange by Merrill or an affiliate, as appropriate.

We or one of our affiliates may, at times, act as agent for both buyer and seller in effecting investment transactions involving MAS clients or other advisory clients ("agency-cross transactions"), in accordance with applicable law. Since we generally will receive compensation from each party to an agency-cross transaction, there is a conflict between our responsibilities and loyalties to you and to the other party to the transaction. Any compensation we receive will be in addition to the Merrill Lynch Fee. By signing the Client Agreement, you consent to us acting as your agent in effecting agency-cross transactions for the account when we consider them advisable and consistent with applicable law. You may revoke the consent at any time by notifying us in writing.

From time to time, we may cause your account to engage in a transaction for the purchase or sale of a security with another client, subject to applicable law. We would do so only when we determine that the transaction is in the best interest of each party, and we would not receive any compensation in connection with the transaction.

#### **FUNDS AND RELATED INVESTING**

Your Investment Manager may use Funds as a part of the Strategy used in your Account; provided, however, we generally restrict Investment Managers from purchasing mutual fund shares in your Account, including purchasing additional shares of any mutual fund that you used to fund your Account (either initially or otherwise). Furthermore, and as described above under "Funding and Operation of MAS Accounts—Funding Accounts", as a general matter, mutual fund shares (other than those that are held through any cash sweep program applicable to your Account) are not permitted to be held in MAS Accounts. To the extent that you fund your Account with mutual fund shares, and you or your Investment Manager do not liquidate/transfer such shares from your Account within a limited time period, we may terminate your Account from MAS.

In the event your Investment Manager uses Funds as a part of the Strategy used in your Account, you understand that these Funds may be Related Funds. In addition, Merrill or a Related Company may earn additional compensation for services rendered in connection with such products. For example, Merrill or a Related Company may execute brokerage transactions for a Fund included in your Account (including on a principal basis), or provide shareholder sub-accounting services to a Fund, for which it will be paid. More complete information about any of the Funds, including risks, management fees and other charges and expenses, is contained in the Fund's prospectus or other applicable disclosure document. Any fees and compensation, including the sub-accounting/transfer services fees discussed below, that we or our Affiliates receive from or on behalf of a mutual fund, ETF or either of their product sponsors in connection with your investments enrolled in the Program will be in addition to the Merrill Lynch Fee and, except to the extent required by applicable law, the Merrill Lynch Fee is not offset or reduced by any such fees and compensation we receive. You should consider this Fund-related compensation when evaluating the amount and appropriateness of the fees we earn in connection with your Account and the Program.

Due to the additional economic benefit to Merrill, our Related Companies, and, potentially, a Financial Advisor, from investments in Funds, a conflict of interest exists. This conflict will be greater when you select an Investment Manager, especially a Related Manager, whose Strategy uses these products or your Account holds these Fund investments. For any Funds advised, sponsored or distributed by Merrill, a Related Company or their respective affiliates, Merrill, a Related Company or their respective affiliates, as applicable, will receive investment management fees and/or Rule 12b-1 fees or other service fees from the Funds. For other Funds, Merrill and its affiliates also may receive Rule 12b-1 fees or other service fees from the Funds. Many mutual funds offer share classes that do not include Rule 12b-1 fees, and in those cases we will be collecting Rule 12b-1 fees when there are less expensive share classes available to you. It is generally in your best interest to hold lower-fee share classes because your returns are not reduced by additional fees and expenses. We will not exchange any mutual fund holdings in your Account to other share classes. Whether you fund your Account with mutual fund shares or your Investment Manager purchases them as part of a strategy, you should not assume that you will be holding the share class with the lowest possible expense ratio that the mutual fund provider makes available to the investing public. We and our affiliates may also provide other services to Related Funds and other Funds for compensation, such as transfer agency, shareholder servicing, administrative, accounting and printing services. To the extent that the Merrill Lynch Fee is intended to cover certain similar services when provided directly to your Account, you may be deemed to be paying additional fees for the same services if you select a Strategy that invests in Funds.

Merrill or Related Companies also may effect transactions with Funds and receive compensation in connection with these activities.

Under our agreements with each mutual fund (or its respective principal underwriter or other agent), we or our affiliates provide sub-accounting and related services (including account recordkeeping, transaction processing, reporting and corporate action services) ("sub-accounting/transfer services") for holders of such mutual funds maintaining their shares in an Account as well as in brokerage accounts at Merrill. These service arrangements and the amount of compensation vary by mutual fund and by share class. We and our affiliates receive the agreed-upon sub-accounting/transfer services fees for providing these services, and this cost is either borne by the mutual fund (like other mutual fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent.

Depending on the specific arrangements, Merrill or its affiliate will receive from or on behalf of the mutual fund, sub-accounting/transfer services fees of either up to 0.15% per annum of the amount invested in such mutual fund or up to \$21 annually per Merrill client position in the mutual fund. For money market mutual funds, the sub-accounting/transfer services fee is generally 0.005% per annum. Money market funds available to certain Accounts as an automatic cash sweep option also include a 0.40% administration fee. These fees and fee rates are subject to change from time to time, and may be received individually, or may be part of a "bundled" arrangement with a mutual fund that includes other types of fees, such as distribution and marketing support payments.

For Offshore Funds, Merrill and its affiliates perform similar distribution, marketing, shareholder servicing, sub-accounting and related services for which Merrill and its affiliates receive asset-based compensation from the Offshore Fund's distributor or other service provider.

For more information, please refer to the documents entitled "Mutual Fund Investing at Merrill Lynch" and "Offshore Mutual Fund Investing at Merrill Lynch" available at [www.ml.com/funds](http://www.ml.com/funds) and also available from your Financial Advisor upon request.

In addition to these fees, we and our affiliates receive fees paid by certain ETF or similar product sponsors or their affiliates for licensing or other arrangements. These fees, which are typically calculated as a



percentage of the assets of the ETF or similar product, are not generally borne by the fund, but are instead paid directly from the sponsor or its affiliate to us or our affiliates.

You can purchase shares of some (but not all) of the Funds included in a Strategy directly from the Funds, their agents, or through us without enrolling in MAS. If you do so, you would not pay account fees for such assets. However, you may not be eligible to purchase the same share class for each of the Funds available through MAS and the purchase of a different share class may be subject to applicable sales charges; and further provided that, while you may fund your Account with mutual fund shares, if such shares are not liquidated/transferred from your Account after a limited period of time, your Account may be removed from the Program. In addition, you and your Investment Manager generally will not be permitted to purchase any mutual fund shares in your Account..

As a registered broker-dealer, Merrill also benefits from the possession or use of any free credit balances in Client accounts, including an Account, subject to restrictions imposed by Rule 15c3-3 under the Exchange Act.

Merrill, a Related Company, or their respective affiliates receive investment management fees paid by the Funds held in your Account.

### **PROVISION OF DIVERSIFIED FINANCIAL SERVICES**

In addition to Funds, Merrill or a Related Company, as applicable, earns additional compensation for services rendered in connection with other types of investment products purchased for your Account.

Bank of America is a diversified financial services company that generally seeks to provide a wide range of services to retail and institutional clients for which it receives compensation. As a result, Bank of America and Merrill can be expected to pursue additional business opportunities with the firms whose Funds Merrill makes available to its clients and their affiliates. Consistent with industry regulations, these services could include (but are not limited to): banking and lending services, sponsorship of deferred compensation and retirement plans, recordkeeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, and effecting portfolio securities transactions for Funds and other clients. Merrill professionals (including your Financial Advisor), involved with the offering of Funds to individual investor clients may introduce Fund distributors, sponsors, service providers or their affiliates to other services that Bank of America, Merrill and their other affiliates provide. As such, Merrill and its affiliates may earn additional compensation for the services.

As permitted by law, Financial Advisors will receive compensation (the amount of which varies and could be significant) in connection with these introductions and/or services. Revenue paid for, or generated by, such services may not be used by Fund distributors, sponsors or service providers to compensate Merrill, directly or indirectly, for any of the Fund fees described throughout this Brochure. Information about a particular Fund's policies regarding selection of brokers may be found in the Fund's statement of additional information, which you may request from the Fund.

### **LOANS AND COLLATERAL**

Certain of your Account assets may be "pledged" or used as collateral, with our consent, in connection with loans obtained through certain affiliated or unaffiliated Lending Programs. If you participate in a loan obtained through one of our affiliates, the affiliate earns compensation which (1) is a conflict of interest with respect to the Program assets, (2) is not included in the Merrill Lynch Fee and (3) results in additional compensation to us, our affiliates and your Financial Advisor. The affiliate lender's lien on Account assets creates conflicts of interest with respect to the management of your Account. For example, because of such a lien, your Financial Advisor or Merrill has an incentive to favor Accounts participating in any such

affiliate Lending Programs over other Accounts without loans (e.g., for investment or trade allocations or the valuation of positions in the Account). There is also an incentive to prefer more conservative investment choices for Accounts participating in such Lending Programs, in order to minimize the risk of loss with respect to the affiliate's collateral or to recommend assets that the affiliate lender will give more collateral value to in order to increase borrowing availability.

Any Affiliated Bank will act to protect itself as lender in connection with the affiliate Lending Program account and this may be contrary to your interests and/ or investment objectives.

Your Financial Advisor is compensated by Merrill based in part on the aggregate amount of advances outstanding under an Account enrolled in the affiliate Lending Program and the applicable spread on any such advances. Financial Advisors receive greater compensation for larger outstanding balances and no compensation if outstanding balances do not exceed a minimum amount. The affiliate Lending Program has established a required minimum advance of \$100,000 for Financial Advisors to earn compensation although such amount is subject to change in Merrill's discretion.

Furthermore, your Financial Advisor is compensated based on the amount of assets held in the Account pledged under the Lending Program. This means your Financial Advisor can benefit from your borrowing under the Lending Program, rather than liquidating assets held in the Account, and can receive a reduction in compensation earned by recommending you to reduce your outstanding balance in the Program. You are encouraged to speak with your Financial Advisor to the extent you have questions about how your Account may be used in connection with a Lending Program and how such arrangement should be taken into consideration when discussing the management of your Account.

### **CASH BALANCES AND CASH SWEEP ARRANGEMENTS**

As further described in "Funding and Operation of MAS Accounts—Cash Balances and the Cash Sweep Feature" above, cash balances may be held in your Account for a number of different reasons, including as part of a Strategy's asset allocation to cash. To the extent your Investment Manager (which may be a Related Manager) does not select a cash alternative vehicle for your Account's cash allocation, there is a conflict of interest between you and us because the cash allocation will be maintained in your Account as a cash balance. For most clients, cash balances will be swept to bank deposit accounts through the Affiliated Bank Deposit Program.

Affiliated Banks use bank deposits to fund their lending, investment and other business activities. Their profitability is determined, in large part, by the difference between the interest paid on the bank deposit and the interest or other income earned on loans, investment and other assets which may be funded in part by bank deposits. In addition, Affiliated Banks determine the interest rate paid to depositors in the Affiliated Bank Deposit Program.

Unless you have certain types of Retirement Accounts or Trust Managed Accounts in the Program, the only sweep vehicle currently available to you is the Affiliated Bank Deposit Program. You should understand that the greater the amount of the cash balance maintained in your Account (which may be based on a recommendation from a Related Manager) that is then swept to the Affiliated Bank Deposit Program and the lower the interest rate paid on the related bank deposit, the more our Affiliates will benefit. The interest rate paid to you by our Affiliated Banks may be lower than the interest rates available on other deposit accounts at the Affiliated Bank or on comparable deposit accounts at other banks. Generally, the rate you will earn through the Affiliated Bank Deposit Program will be lower than yields on other cash alternatives that may be available to you through us outside of the cash sweep arrangement. When selecting a Strategy for your Account, you should speak with your Investment Manager regarding cash balances and the management of cash allocations in your Account. For additional information, please see "Funding and Operation of MAS Accounts—Cash Balances and the Cash Sweep Feature."

We address the conflicts of interests associated with the Affiliated Bank Deposit Program in a variety of ways, including through disclosure in this Brochure. We also calculate the compensation paid to our Financial Advisors on the same basis for all Program assets without regard to the amount of cash balance we or our Affiliates receive. In addition, it is the Investment Manager (which may be a Related Manager), not Merrill or your Financial Advisor that is responsible for recommending individual securities or investments and exercising investment discretion in your Account. We have adopted various policies and procedures reasonably designed to prevent the cash sweep arrangement compensation and other business arrangements from affecting the nature of the advice we and our Financial Advisors provide, although such policies and procedures do not eliminate such conflicts of interest.

As a registered broker-dealer, MLPF&S also benefits from the possession or use of any free credit balances in your Accounts, subject to restrictions imposed by Rule 15c3-3 under the Exchange Act.

### **ACTING AS GENERAL PARTNER**

Certain of our affiliates act as general partners in a variety of limited partnerships, as well as in other capacities, for investment vehicles such as hedge funds and other investment funds in which our brokerage clients may invest. These clients may also be advisory clients of Merrill. The investments of the limited partnerships and other entities may vary but include, without limitation, real estate, futures, hedge funds and other alternative investments.

### **INVESTMENT IN SECURITIES BY MERRILL AND OUR PERSONNEL**

We and our affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information will be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, we may give advice or take action with regard to certain clients, including MAS clients, which differs from that given or taken with regard to other clients. This includes the advice given or actions taken with respect to certain securities, Funds or Investment Managers. In some instances, the actions taken by affiliates with respect to similar services and programs will conflict with the actions taken by us. This is due to, among other things, the differing nature of the affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

Certain of our affiliates may have investment banking or other relationships with certain publicly traded companies; from time to time, these relationships compel us to forego trading in the securities of these companies. In the course of investment banking and other activities, our affiliates acquire confidential or material nonpublic information that prevents us or our affiliates, for a period of time, from purchasing, selling or recommending particular securities for your account. We and our affiliates are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities.

Related Managers may provide advisory services with respect to one or more strategies available for your selection. Bank of America is a direct or indirect substantial stockholder, or the ultimate parent company of Related Managers. If a Strategy provided by a Related Manager is selected, we and/or a Related Company will retain the entire Merrill Lynch Fee. For this reason, a conflict of interest exists when our Financial Advisor assists you in the selection of a Related Manager.

We or our affiliates may have a position in or enter into "proprietary" transactions in securities purchased or sold for clients, including MAS clients. We or our affiliates benefit from such securities positions or transactions.

We address these conflicts in a variety of ways, including through disclosure in this Brochure, our policies that require our Financial Advisors to recommend investment advisory programs, investment products and securities that are suitable for each client based upon your investment objectives, risk tolerance and financial situation and needs; and a variety of restrictions, procedures and disclosures designed to address

actual or potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business (e.g., personal trading preapprovals, self-reporting, restrictions on our personnel detailed in our policies and procedures and Code of Ethics).

### **REVIEW OF ACCOUNTS**

We do not review your Account on a periodic or other basis. Reviews of your asset allocation strategy will not be performed unless you specifically request otherwise.

### **CLIENT REPORTS**

#### *Performance Reports*

As discussed above, we assist you in monitoring and evaluating the performance of your Account by providing periodic performance reports containing returns and other statistical performance analyses.

#### *Client Statements*

When we act as custodian, you will receive an account statement in any month in which there is trading or other activity (or in any event quarterly). If you use a custodian other than us, your custodian or trust company must provide periodic custodial or trust reports and settlement instructions to us (or our designee). We are not responsible for the accuracy of these statements and will rely upon the data and other information presented therein or in other reports provided to us by your custodian to prepare performance reports for you. You may also receive reports directly from your selected Investment Manager.

As you direct in the Client Agreement or other writing, you may elect not to receive confirmation of transactions for your Account(s) on a trade-by-trade basis, except as required by rule or regulation, and, in lieu thereof, receive a periodic statement that will be furnished to you not less frequently than quarterly and that will contain the same information that would be included in the trade-by-trade confirmation for each transaction. Your election to receive periodic statements in lieu of trade-by-trade confirmations is entirely optional and:

- Will not affect the calculation of or amount of your Merrill Lynch Fees;
- Is not a condition to entering into or continuing participation in MAS; and
- May be rescinded at any time by written notice to us with respect to your Account.

We will send confirmations for transactions effected in your Account (or information contained therein) to you and your Investment Manager, as applicable.

You may request, and we will provide to you at no additional cost, an interim update and further details concerning any transaction effected between periodic statements either by calling your Financial Advisor or, where you are enrolled in MyMerrill, by checking your account on MyMerrill. If you elect to receive periodic statements in lieu of trade-by-trade confirmations, you may later choose to receive, and we will provide to you at no additional cost, any confirmations for transactions effected for up to a one-year period preceding your last periodic statement and trade-by-trade confirmations for all subsequent transactions.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

#### **OTHER COMPENSATION**

Investment Managers participating in MAS or their affiliates, including Investment Managers to mutual funds and other pooled vehicles that may be purchased for MAS Accounts, may pay for, or reimburse

Merrill for, various costs arising from client and prospective client meetings, sales and marketing materials, and educational, training and sales meetings held with Financial Advisors and other Merrill personnel relating to the MAS service and asset management generally. These Investment Managers or their affiliates may also participate with our personnel in other conferences and seminars unrelated to MAS and may reimburse us to cover various costs of these conferences and seminars. In addition, these Investment Managers or their affiliates may make charitable donations or cover the costs of reasonable entertainment in connection with Merrill-sponsored or client-related events.

We address these conflicts through disclosure in this Brochure.

### **COMPENSATION FOR CLIENT REFERRALS**

We have entered or may enter into marketing arrangements with third parties who, for compensation, will provide certain services to us in connection with the marketing of our various advisory services for referring prospective clients to us. Each such marketing arrangement is or will be governed by a written agreement between us and the third party, and will be disclosed to you, as required by law.

Our employees may refer advisory clients to BANA and other affiliates for products and services. Similarly, employees of BANA and its affiliates may refer clients to us for brokerage or advisory services. These referrals may involve the payment of referral fees between Merrill and BANA or its affiliates.

### **FINANCIAL INFORMATION**

Not applicable.

### **ADDITIONAL INFORMATION**

Certain entity clients may be considered a “covered fund” under the “Super 23A” provision of the Volcker Rule that is part of Dodd-Frank Wall Street Reform and Consumer Protection Act. Covered fund clients in the Program may not have any outstanding margin, outstanding loans or other extensions of credit from us or any of our affiliates, including BANA, or engage in certain principal transactions while having an Account in the Program. If the covered fund would like to engage in margin or other lending transactions, it must terminate its Client Agreement and utilize a brokerage or custody relationship with us for its investments. Certain other transactions between BANA or its affiliates and the entity client will also be prohibited.

### GLOSSARY

“Account” means each of the client’s securities accounts to which the Client Agreement applies and is managed by a single Investment Manager.

“ADR” means American Depositary Receipt, which is a receipt for shares of a foreign company held by a U.S. financial institution that entitles you to rights and obligations of the underlying shares, including dividends and capital gains and losses.

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Affiliate Company” means a company that is controlled by, in control of, or under common control with, Merrill. An Affiliate Company includes BANA.

“AIPS” means the Merrill Automated Investment Program.

“BANA” means Bank of America, N.A.

“Bank of America” means Bank of America Corporation.

“Brochure” means the Merrill wrap program brochure relating to MAS, as amended or updated from time to time.

“CDSC” means contingent deferred sales charge.

“CIO” means the Merrill Chief Investment Office. For certain Strategies, “CIO” refers to BANA, as described in the Profiles of those Strategies.

“Client Agreement” means the agreement between the client and Merrill, as it may be amended from time to time.

“Code of Ethics” means the Merrill Investment Adviser Code of Ethics.

“Concentrated Positions” means investing a large percentage of Account assets in a single security or a single industry sector.

“Disclosure Statement” means the Merrill program brochure relating to MAS, as amended or updated from time to time. The Disclosure Statement is also referred to as the Brochure.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Plan” means a plan subject to the fiduciary responsibility provisions of ERISA or any other entity deemed to hold assets of such a plan, including SIMPLE, SEP and other IRAs subject to ERISA’s fiduciary responsibility provisions.

“ETF” means an exchange-traded fund.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Financial Advisor” means the Merrill Financial Advisor who provides non-discretionary investment advice to the client in MAS.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Funds” means registered and unregistered investment companies, including mutual funds, closed-end funds, ETFs, exchange traded notes, Alternative Investment Funds, real estate investment trusts and other pooled investment vehicles, and, to the extent applicable, Offshore Funds.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Manager” means an investment adviser that is registered with the SEC or one or more state regulatory authorities, or which is exempt from the registration requirement.

“Investment Manager Fee” means the advisory fee that you pay the Investment Manager.

“Legacy Managers” means Investment Managers that participated in a Previous Program.

“MAS” means the Merrill Lynch Managed Account Service.

“Margin Agreement” means the Merrill Margin Lending Program Client Agreement.

“Merrill,” “MLPF&S,” “us,” “we,” or “our” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Merrill Banks” means one or more bank depository institutions affiliated with Merrill.

“ML IAP” means the Merrill Lynch Investment Advisory Program.

“NYSE” means the New York Stock Exchange LLC.

“Offshore Funds” mean investment companies organized in jurisdictions not within the United States or its territories or possessions, not registered under the Investment Company Act and whose securities are not registered under the Securities Act.

“Performance Reports” means periodic performance reports.

“Program” means the Merrill Lynch Managed Account Service.

“Previous Program” means a program or service sponsored by Merrill in which a Legacy Manager generally no longer participates because (i) the Legacy Manager removed itself from the program or service, (ii) Merrill removed the Legacy Manager from the program or service, or (iii) the program or service was itself terminated by Merrill and the Legacy Manager was not added to the roster of another Merrill service or program.

“Referral-Arrangement Managers” are Investment Managers that compensate Merrill for referrals of clients.

“Related Company” means a company that is an affiliate of Merrill or in which Merrill or an affiliate of Merrill has a material ownership interest.

“Related Company Custodian” means an affiliate of Merrill that provides custodial services.

“Related Fund” means a Fund sponsored or advised by Merrill or a Related Company. “Related Manager” means an Investment Manager that is a Related Company, for example, BANA through the CIO is a Related Manager.

“Retirement Account” means an ERISA Plan, a U.S. tax-qualified plan of self-employed persons, a U.S. individual retirement account, or any other plan, arrangement or entity subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended.

“Rule 12b-1 fees” means fees paid pursuant to a plan adopted under Rule 12b-1 under the Investment Company Act.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Selling Broker Compensation” means commissions, markups, or markdowns, asset-based or subscription fees, mutual fund sales loads, Rule 12b-1 fees or other remuneration as may be described in the applicable confirmations, prospectuses, subscription agreements, or other offering documents.

“SIPC” means Securities Investor Protection Corporation.

“Strategy” means one or more investment styles or disciplines or combinations of investment styles and disciplines offered by Investment Managers participating in MAS.

“Trades” means Investment Manager orders to buy and/or sell securities in the Account.

“Unaffiliated Investment Firm” means a bank, broker or dealer other than Merrill or a Related Company.

“Underlying Account Documentation” means documentation for a client’s underlying Merrill securities account that provides Merrill with information regarding the client’s overall circumstances, financial goals and risk profile, as well the client Account’s investment objective and other important information with respect to the client’s Account.

“Unrelated Custodian” means a custodian that is neither Merrill nor a Related Company.

“Unrelated Fund” means a Fund that is not sponsored or advised by Merrill or a Related Company.

“Unrelated Manager” means an Investment Manager that is not a Related Company.

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