

**Key Investment Services LLC**  
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March 3, 2020

**Part 2A Appendix 1 of Form ADV**

NOTICES TO ADVISORY ACCOUNT CUSTOMER(S) (“CLIENT(S)”)

**This wrap fee program brochure provides information about the qualification and business practices of Key Investment Services LLC (“KIS”). If you have any questions about the contents of this brochure, please contact us at 1-888-547-2968. 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. Additional information about KIS also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). KIS is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.**

You either signed or will sign the documents to establish a wrap account. This is an investment advisory account, with KIS, by which you established a brokerage account at KIS that is carried by Pershing LLC (“Pershing”) which acts as clearing broker and custodian for the account. Pershing serves as the qualified custodian for all KIS advisory account assets, and accordingly holds and maintains all funds and securities in your advisory account. It will send you periodic statements showing your holdings and any activity in your account. Please read your statements carefully when you receive them.

You can contact Pershing at the following address:

Pershing LLC  
One Pershing Plaza  
Jersey City, New Jersey 07399

Investment products are offered through KIS, member FINRA/SIPC, and carried by Pershing LLC, member FINRA/SIPC. Insurance products are offered through KeyCorp Insurance Agency USA Inc. (“KIA”). KIS and KIA are affiliated with KeyBank National Association (“KeyBank”). KIS, KIA and KeyBank are separate entities, and when you buy or sell securities and insurance products you are doing business with KIS and/or KIA, and not KeyBank, unless you are purchasing the Key Select Portfolios made available by KeyBank through KIS.

Investment and insurance products, including Key Select Portfolios, made available through KIS and KIA are:

<p><b>NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY</b></p>
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## Item 2: Summary of Material Changes

The following material changes pertinent to the provision of KIS' investment advisory services have occurred since the date of the previous annual update of its brochure on March 31, 2019.

Effective for the first quarter of 2019, BlackRock Investment Management LLC ceased charging a strategist fee of 0.10% to the BlackRock Target Income Portfolios. That fee has been removed from Item 4(d).

Effective January 19, 2019, WisdomTree Asset Management, Inc. reduced its strategist fee from 0.27% to 0.12%. That reduction is reflected in Item 4(c).

Effective June 21, 2019, KIS no longer offers the BlackRock Long-Horizon ETF Portfolio Strategies ("Black Rock Program II") to new accounts. KIS will allow existing accounts to make additional investments in Black Rock Program II.

Effective July 1, 2019, KIS became a wholly owned subsidiary of its affiliated broker-dealer, KeyBanc Capital Markets Inc. and KIA will become a subsidiary of KeyCorp. Please see Item 9(2) below for more information.

Effective July 1, 2019, KIS offers financial planning services as part of its investment advisory services. KIS provides those services using one or more computer software programs, including but not limited to, MoneyGuidePro™. MoneyGuidePro™ is a product of PIEtech, Inc. a subsidiary of Envestnet, Inc. Envestnet, Inc.'s subsidiary Envestnet Asset Management, Inc. is a money manager for KIS's advisory program. These services are being provided pursuant to a separate Form ADV Part 2A Financial Planning. For further information please see that Form ADV Part 2A.

Effective October 31, 2019, KIS will offer the Key Select Portfolios. Please see Item 4(l) for further details concerning this program.

Effective October 31, 2019, KIS will temporarily suspend the offering of Key Digital Portfolio Advisor to new investors. KIS will allow additions to existing accounts.

On December 5, 2019, KIS entered into a Letter of Acceptance, Waiver and Consent to conclude an investigation by the Financial Industry Regulatory Authority with respect to the firm's broker-dealer operations regarding the firm's: supervisory systems and written supervisory procedures with respect to the sale of certain Unit Investment Trusts ("UIT") from November 2010 to June 2014; compliance with the firm's supervisory procedures requiring the collection and documentation of customer-specific suitability information on account update forms from July 2012 to June 2014 when making recommendations to existing customers; and the provision of inaccurate UIT sales charge, cost, and expense information on switch disclosure letters to certain customers from November 2010 to October 2013 when recommending switches into new UITs. For further information, see Item 9(1).

Effective March 31, 2020, KIS will cease offering the LIS, Russell Program II, Loring Ward, KMA, and the WidsomTree programs to new Client accounts. Existing Client accounts invested in these programs may maintain and make additional investments in these programs.

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## Item 4: Services, Fees and Compensation

Key Investment Services LLC (“KIS”) as “Wrap Program Sponsor” either sponsors or offers as part of its wrap fee programs (“Wrap Programs”) access to certain investment advisory products (“Advisory Products”) listed in this brochure for its Clients. Advisory Products include investment advisory products proprietary to or administered by third-party service providers which, among other things, allows KIS Clients to access portfolio managers participating in such Advisory Product platforms for purposes of managing trading activity in a Client’s wrap fee account. KIS has established an Investment Advisory Sub-Committee to its Product Due Diligence Committee to perform initial and ongoing due diligence and monitoring of existing and prospective investment advisory products administered by third-party service providers. KIS may refine its Advisory Product offerings and introduce new products to meet the investment needs of its Clients, respond to changing markets and take advantage of recent technological or other innovations. In addition, from time to time acquisitions or new business relationships may contribute new product offerings.

NOTE: In addition to the Programs discussed in detail below:

- A. KIS also sponsors the Key Digital Portfolio Advisor<sup>SM</sup> (“Key Digital Program”) which is an on-line digital advice program. Effective October 31, 2019, KIS temporarily suspended the offering of the Key Digital Program to new investors. KIS will allow additions to existing accounts. For more information about the Key Digital Program, please review the separate KIS Part 2A Appendix 1 of Form ADV for Key Digital Portfolio Advisor<sup>SM</sup>.
- B. KIS offers financial planning services as part of its investment advisory services. KIS provides those services using one or more computer software programs, including but not limited to, MoneyGuidePro<sup>TM</sup> which is a product of PTEtech, Inc. a subsidiary of Envestnet, Inc. Envestnet, Inc.’s subsidiary, Envestnet Asset Management, Inc., is a money manager for KIS’s advisory program. For further information, please see KIS’s Form ADV Part 2A Financial Planning.

Current Advisory Products (other than the Key Digital Program and financial planning services) offered by KIS through its Wrap Programs include:

### (1) Lockwood Investment Strategies (“LIS”)

**NOTE: Effective March 31, 2020, KIS will cease offering the LIS program to new Client accounts. Existing Client accounts invested in the LIS program may maintain and make additional investments in this program.**

KIS offers the LIS Program on a non-discretionary basis to its clients through its relationship with Lockwood Advisors, Inc. (“Lockwood”). Lockwood is an SEC-registered investment advisory firm that specializes in processing and administering individually managed accounts and in providing managed account services and technologies to, among others, sponsors of wrap account programs. Lockwood serves as the investment manager of LIS and acts as a third-party service provider to KIS. LIS is offered through a program sponsored by KIS. LIS is a discretionary, multi-discipline managed account product housed in a single portfolio with five core models in which a Client may invest either depending on how the Client scores on a risk profile questionnaire or at the Client’s direction. The five (5) core models span the risk/return spectrum from current income model to growth model within the context of a diversified portfolio. Clients may also choose from four (4) additional models which include exposure to non-traditional asset classes, as described more fully in Lockwood’s Form ADV Part 2A. Lockwood, serving as a discretionary portfolio manager, determines asset allocation and selects the underlying investment managers (“Investment Managers”) and specific investment vehicles for each investment style based on its proprietary modeling strategies, as well as Lockwood’s macroeconomic outlook and investment discipline.

KIS does not exercise investment discretion in the Client's selection of the Investment Managers or in the asset allocation in the underlying investment vehicles and strategies used in a Client's account. KIS Client Advisors ("CAs"), utilizing a risk profile questionnaire, provide Clients with non-discretionary, non-binding recommendations regarding such asset allocation and underlying investment vehicles and strategies to meet Clients' investment objectives, but Clients direct the overall investment strategy and profile changes to be made in their accounts. Clients are ultimately responsible for the selection of the appropriate asset allocation model and strategy. However, Lockwood has full discretionary authority to invest, reinvest and otherwise deal with assets in LIS Client accounts in its discretion within the model selected by the Client. Lockwood may, when it deems appropriate and without prior consultation with Clients or KIS, buy, sell, exchange, convert and otherwise trade in any stocks, bonds, mutual funds, alternative investments and other securities, and may at its discretion replace Investment Managers and underlying investment vehicles if, for example, Lockwood deems such Investment Manager or investment vehicle to be underperforming. Lockwood also provides overlay management services for the Client's LIS account and implements trade orders based on the investment strategies contained in LIS portfolios.

KIS's current program fee schedule for LIS is based on the make-up of the account and is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>	
	<u>&gt;50% Equities</u>	<u>&gt;50% Fixed Income</u>
\$0 – \$500,000	3.00%	2.50%
\$500,001 – \$1,000,000	2.50%	2.00%
\$1,000,001- \$2,500,000	2.00%	1.50%
\$2,500,001+	1.50%	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.75%
\$500,001 - \$1,000,000	0.55%
\$1,000,001 - \$5,000,000	0.40%
\$5,000,001 - \$10,000,000	0.35%
\$10,000,001+	0.30%

Fees for LIS are negotiable in KIS's sole and absolute discretion.

## **(2) Lockwood AdvisorFlex Portfolios ("AFP")**

Lockwood is the Money Manager in AFP and acts as a third-party service provider to KIS. AFP is a series of model portfolios diversified at the asset class level and among different security types in which a Client may invest depending on either how the Client scores on a risk profile questionnaire or at the Client's direction. Clients may choose from sixteen (16) models spanning the risk/return spectrum from income to capital appreciation. Lockwood reviews and approves the allocations and investment selections to be included in the AFP portfolios. In addition, Lockwood periodically reviews the asset allocation strategies and investment selections within the AFP model portfolios seeking to ensure that the portfolios continue to adhere to their respective investment objectives. Within each AFP model, Lockwood identifies several investment vehicle options from which Clients may choose. KIS does not exercise investment discretion in the selection of the asset allocation or the universe of specific underlying investment vehicles and strategies used in a Client's account. KIS CAs, utilizing a risk profile questionnaire, provide Clients with recommendations regarding such asset allocation and underlying investment vehicles and strategies to meet Clients' investment objectives, but Clients direct the overall investment strategy and profile changes to be made in their accounts. Clients are ultimately responsible for the selection of the appropriate asset allocation model and strategy. However, Lockwood has discretionary authority to invest, reinvest and otherwise deal with assets in AFP Client accounts in its discretion within the model selected by the Client,

subject to the Client's decision to select alternate investment vehicle selections. Lockwood may, when it deems appropriate and without prior consultation with Clients or KIS, buy, sell, exchange, convert and otherwise trade in any stocks, bonds, mutual funds, alternative investments and other securities, and may at its discretion replace underlying mutual funds and ETFs in a model if, for example, Lockwood deems such mutual fund or ETF to be underperforming.

KIS's current program fee schedule for AFP is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.50%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.35%
\$500,001 - \$1,000,000	0.31%
\$1,000,001+	0.22%

Fees for AFP are negotiable in KIS's sole and absolute discretion.

### **(3) Lockwood WealthStart Program ("WealthStart Program")**

KIS offers the WealthStart Program on a non-discretionary basis to its clients through its relationship with Lockwood which serves as the discretionary money manager for the WealthStart Program. The WealthStart Program is based on strategic asset allocation models ("Models") developed by Lockwood and are comprised of mutual funds and/or exchange-traded funds ("Funds") selected by Lockwood for each such Model. Currently, KIS offers six (6) Models which provide broad-market stock and investment-grade bond exposure in a range of stock/bond allocations, from 97% fixed income to 100% equity. Lockwood provides discretionary management for Clients' accounts and implements trade orders based on asset allocation changes that Lockwood, in its sole discretion, determines to be appropriate.

Prior to investing in the WealthStart Program, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Model best suits the Client's risk tolerance. Clients make the final determinations as to which Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Model recommended to the Client describing the underlying Fund investments, as well as the overall asset and style allocation of the Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Model. KIS does not exercise investment discretion concerning the Funds or the underlying investment strategies comprising the Model. Lockwood retains discretion over the implementation of asset allocation changes within each of the Client's chosen Models and may implement asset allocation changes differently with respect to individual Client accounts. Other services offered in connection with the WealthStart Program include but are not limited to: periodic rebalancing of the Client's securities positions with the chosen Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the WealthStart Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay a money manager fee to Lockwood as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.30%
\$500,001 - \$1,000,000	0.25%
\$1,000,001+	0.20%

Fees for the WealthStart Program are negotiable in KIS's sole and absolute discretion.

#### **(4) Model Strategies Programs ("Model Strategies")**

KIS offers eleven Model Strategies Programs where Lockwood serves as the discretionary money manager. Each program has a third-party model strategist which advises Lockwood on the structure and rebalancing of that particular models. The programs are as follows:

##### **(a) Russell Model Strategies Program ("Russell Program I")**

KIS offers the Russell Program I on a non-discretionary basis to its Clients through its relationship with Lockwood. The Russell Program I offers actively-managed portfolios comprised exclusively of Russell mutual funds.

Russell Investment Management Company ("RIMCo") is a SEC-registered investment adviser that advises the Russell Investment Company family of mutual funds ("Russell Funds"). The Russell Program I is based on strategic asset allocation models ("Russell Models") developed by RIMCo as a third-party model strategist. The actively-managed portfolios are comprised exclusively of Russell Funds. RIMCo makes the Russell Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' Russell Program I accounts and implements trade orders based on asset allocation changes communicated to it by RIMCo.

The Russell Program I provides five (5) core Russell Models and five (5) tax-managed Russell Models which span the risk/return spectrum from a current income Russell Model to a growth Russell Model within the overall context of a diversified portfolio. The Russell Models vary in their exposure to different asset classes (such as equities, fixed income, real assets and alternative investments), as well as different styles (such as defensive, dynamic, growth, core, and value), paired together to achieve diversification that seeks to meet a variety of investment objectives.

Prior to investing in the Russell Program I, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Russell Model best suits the Client's risk tolerance. Clients select a Russell Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Russell Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Russell Model recommended to the Client and describes the underlying Russell Fund in that particular Russell Model, as well as the overall asset and style allocation of the Russell Model. The Client is ultimately responsible for the selection of the appropriate asset allocation Russell Model.



Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Russell Model or the specific underlying investment vehicles and strategies comprising the Russell Model.

RIMCo does not exercise investment discretion with respect to the management of individual Client accounts. Rather, RIMCo constructs the Russell Models, determines the specific Russell Funds that comprise the Russell Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Russell Models' asset allocations and/or underlying Russell Funds.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen Russell Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by RIMCo to Lockwood. Other services offered in connection with the Russell Program I include but are not limited to: periodic rebalancing of the Client's securities positions within the Russell Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the Russell Program I is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the Russell Program I are negotiable in KIS's sole and absolute discretion.

Note: RIMCo does not receive any part of the Program fee. RIMCo does separately receive compensation in the form of advisory fees paid to it by the Russell Funds which are included in the particular Russell Model portfolios in which Clients may be invested, in connection with RIMCo's management of the Russell Funds. Such compensation is based on a percentage of the assets under RIMCo's management with respect to such Russell Funds, which will include Client account assets invested in such Russell Funds. For further information regarding compensation RIMCo may receive from Russell Funds comprising a particular Russell Model selected by a Client, please see the prospectuses for those Russell Funds.

## **(b) Russell Hybrid Model Strategies Program ("Russell Program II")**

**NOTE: Effective March 31, 2020, KIS will cease offering the Russell Program II to new Client accounts. Existing Client accounts invested in the Russell Program II may maintain and make additional investments in this program.**

KIS offers the Russell Program II on a non-discretionary basis to its Clients through its relationship with Lockwood.

The Russell Program II is based on Russell Models developed by RIMCo as a third-party model strategist and are comprised of Russell Funds or exchange traded funds selected by RIMCo for a particular Russell

Model. RIMCo makes the Russell Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' Russell Program II accounts and implements trade orders based on asset allocation changes communicated to it by RIMCo.

The Russell Program II provides seven (7) core Russell Models, comprised of exchange traded funds as well as Russell mutual funds, which span the risk/return spectrum from a current income Russell Model to a growth Russell Model within the overall context of a diversified portfolio. The Russell Models vary in their exposure to different asset classes (such as equities, fixed income, real assets and alternative investments), as well as different styles (such as defensive, dynamic, growth, core, and value), paired together to achieve diversification that seeks to meet a variety of investment objectives.

Prior to investing in the Russell Program II, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Russell Model best suits the Client's risk tolerance. Clients select a Russell Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Russell Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Russell Model recommended to the Client and identifies the underlying Russell Fund and/or exchange traded funds in that particular Russell Model as well as the overall asset and style allocation of the Russell Model. The Client is ultimately responsible for the selection of the appropriate Russell Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Russell Model or the specific underlying investment vehicles and strategies comprising the Russell Model.

RIMCo does not exercise investment discretion with respect to the management of individual Client accounts. Rather, RIMCo constructs the Russell Models, determines the specific Russell Funds or exchange traded funds that are included in the Russell Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Russell Models' asset allocations and/or underlying Russell Funds or exchange traded funds.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen Russell Model, and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by RIMCo to Lockwood. Other services offered in connection with the Russell Program II include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen Russell Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the Russell Program II is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%

\$1,000,001+

0.20%

Fees for the Russell Program II are negotiable in KIS's sole and absolute discretion.

Note: RIMCo does not receive any part of the Program fee. RIMCo does separately receive compensation in the form of advisory fees paid to it by the Russell Funds which are included in the particular Russell Model portfolios in which Clients may be invested, in connection with RIMCo's management of the Russell Funds. Such compensation is based on a percentage of the assets under RIMCo's management with respect to such Russell Funds, which will include Client account assets invested in such Russell Funds. For further information regarding compensation RIMCo may receive from Russell Funds comprising a particular Russell Model selected by a Client, please see the prospectuses for those Russell Funds.

### **(c) Vanguard Strategic Model Portfolios ("Vanguard Program")**

KIS offers the Vanguard Program through its relationship with Lockwood.

Vanguard Advisers, Inc. ("VAI") is a SEC registered investment adviser that produces model portfolios comprised of Vanguard mutual funds or Vanguard exchange traded funds ("Vanguard Funds"). The Vanguard Program is based on strategic asset allocation models ("Vanguard Models") developed by VAI as a third-party model strategist and are comprised of Vanguard Funds selected by VAI for a particular Vanguard Model. VAI makes the Vanguard Models available to the Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' Vanguard Program accounts and implements trade orders based on asset allocation changes communicated to Lockwood by VAI.

Currently, KIS offers the Vanguard ETF Strategic Model Portfolio Center for Research in Security Prices (CRSP) Series which provides eleven (11) Vanguard Models holding six to ten (6-10) Vanguard Funds per model. These Vanguard Models include equity and investment-grade fixed income exposure and indexed investments. They are tax efficient and span the risk return spectrum from a current income Vanguard Model to growth Vanguard Model within the overall context of a diversified portfolio.

Prior to investing in a Vanguard Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Vanguard Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Vanguard Model best suits the Client's risk tolerance. Clients select a Vanguard Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Vanguard Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Vanguard Model recommended to the Client and details the underlying Vanguard Fund investments in, as well as the overall asset and style allocation of, the Vanguard Model. The Client is ultimately responsible for the selection of the appropriate Vanguard Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Vanguard Model or the specific underlying investment vehicles and strategies comprising the Vanguard Model.

VAI does not exercise investment discretion with respect to the management of individual Client accounts. Rather, VAI constructs the Vanguard Models, determines the specific Vanguard Funds that comprise the Vanguard Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Client's Vanguard Models' asset allocations.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen Vanguard Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by VAI to

Lockwood. Other services offered in connection with the Vanguard Program include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen Vanguard Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the Vanguard Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the Vanguard Program are negotiable in KIS's sole and absolute discretion.

Note: VAI does not receive any part of the Vanguard Program fee. VAI does separately receive compensation in the form of advisory fees or issuer fees paid to it by the Vanguard Funds which comprise the particular Vanguard Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such Vanguard Funds. For further information regarding compensation VAI may receive from Vanguard mutual funds and exchange traded funds comprising a particular Vanguard Model selected by a Client, please see the prospectuses for those Vanguard mutual funds or exchange traded funds.

#### **(d) BlackRock Target Income Portfolios ("BlackRock Program I")**

KIS offers the BlackRock Program I on a non-discretionary basis to its Clients through its relationship with Lockwood.

BlackRock Investment Management, LLC ("BIM") is a SEC-registered investment adviser that advises the BlackRock family of mutual funds and iShares exchange traded funds (collectively or individually "BlackRock Funds"). The BlackRock Program I is based on strategic asset allocation models ("BlackRock Program I Models") developed by BIM as a third-party model strategist and are comprised of BlackRock Funds selected by BIM for a particular BlackRock Program I Model. BIM makes the BlackRock Program I Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' BlackRock Program I accounts and implements trade orders based on asset allocation changes communicated to Lockwood by BIM.

Currently KIS offers the BlackRock Program I which provides four (4) BlackRock Program I Models, comprised exclusively of BlackRock mutual funds and exchange traded funds, which span the risk/return spectrum for fixed income BlackRock Program I Models within the overall context of a diversified portfolio. The portfolios in the BlackRock Program I are designed by BIM to help meet clients' long-term income needs.

Prior to investing in a BlackRock Program I Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate BlackRock Program I Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which BlackRock Program I Model best suits the Client's risk tolerance. Clients select a BlackRock

Program I Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which BlackRock Program I Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio BlackRock Program I Model recommended to the Client and details the underlying BlackRock Fund investments, as well as the overall asset and style allocation of the BlackRock Program I Model. The Client is ultimately responsible for the selection of the appropriate BlackRock Program I Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the BlackRock Program I Model or the specific underlying BlackRock Funds and investment strategies comprising the BlackRock Program I Model.

BIM does not exercise investment discretion with respect to the management of individual Client accounts. Rather, BIM constructs the BlackRock Program I Models, determines the specific BlackRock Fund(s) that comprise the BlackRock Program I Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the BlackRock Program I Models' asset allocations and/or underlying BlackRock Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen BlackRock Program I Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by BIM to Lockwood. Other services offered in connection with the BlackRock Program I include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen BlackRock Program I Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the BlackRock Program I is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the BlackRock Program I are negotiable in KIS's sole and absolute discretion.

Note: BIM receives indirectly compensation in the form of advisory fees or issuer fees paid to it or an affiliate by the BlackRock Funds which comprise the particular BlackRock Program I Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets under their management with respect to such BlackRock Funds, which will include Client account assets invested in such BlackRock Funds. For further information regarding compensation BIM may receive from BlackRock Funds comprising a particular BlackRock Program I Model selected by a Client, please see the prospectuses for those BlackRock Funds.

## (e) BlackRock Long-Horizon ETF Portfolio Strategies (“BlackRock Program II”)

**NOTE: Effective June 21, 2019, KIS ceased offering the Black Rock Program II to new Client accounts. Existing Client accounts invested in the Black Rock Program II may maintain and make additional investments in this program.**

The BlackRock Program II is based on strategic asset allocation models (“BlackRock Program II Models”) developed by BIM as a third-party model strategist and are comprised of BlackRock Funds selected by BIM for a particular BlackRock Program II Model. BIM makes the BlackRock Program II Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients’ BlackRock Program II accounts and implements trade orders based on asset allocation changes communicated to Lockwood by BIM.

The BlackRock Program II is comprised of five (5) BlackRock Program II Models which span the risk/return spectrum for BlackRock Program II Models within the overall context of a diversified portfolio. KIS will continue to support those Client investments in the BlackRock Program II established prior to June 21, 2019 and to allow additional investments by those accounts which will continue to be administered as set forth below.

Prior to investing in a BlackRock Program II Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate BlackRock Program II Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which BlackRock Program II Model best suits the Client’s risk tolerance. Clients select a BlackRock Program II Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which BlackRock Program II Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio BlackRock Program II Model recommended to the Client and details the underlying BlackRock Fund investments, as well as the overall asset and style allocation of the BlackRock Program II Model. The Client is ultimately responsible for the selection of the appropriate BlackRock Program II Model.

Neither KIS nor Lockwood exercise investment discretion in the Client’s selection of the BlackRock Program II Model or the specific underlying BlackRock Funds in, or the investment strategies of, the BlackRock Program II Model.

BIM does not exercise investment discretion with respect to the management of individual Client accounts. Rather, BIM constructs the BlackRock Program II Models, determines the specific BlackRock Fund(s) that comprise the BlackRock Program II Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the BlackRock Program II Models’ asset allocations and/or underlying BlackRock Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client’s chosen Black Rock Program II Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by BIM to Lockwood. Other services offered in connection with the BlackRock Program II include but are not limited to: periodic rebalancing of the Client’s securities positions within the Client’s chosen BlackRock Program II Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS’s current program fee for the BlackRock Program II is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
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\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the BlackRock Program II are negotiable in KIS's sole and absolute discretion.

Note: BIM does not receive any part of the BlackRock Program II fee. BIM does separately receive compensation in the form of advisory fees or issuer fees paid to it by the BlackRock Funds which comprise the particular BlackRock Program II Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such exchange traded funds. For further information regarding compensation BIM may receive from the BlackRock Funds comprising a particular BlackRock Program II Model selected by a Client, please see the prospectuses for those BlackRock mutual funds or exchange traded funds.

#### **(f) BlackRock Target Allocation ETF Models ("BlackRock Program III")**

KIS offers the BlackRock Program III on a nondiscretionary basis to its Clients through its relationship with Lockwood. Lockwood serves as the discretionary money manager for the BlackRock Program III.

The BlackRock Program III is based on strategic asset allocation models ("BlackRock Program III Models") developed by BIM as a third-party model strategist and are comprised of BlackRock Funds selected by BIM for a particular BlackRock Program III Model. BIM makes the BlackRock Program III Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' BlackRock Program III accounts and implements trade orders based on asset allocation changes communicated to Lockwood by BIM.

Currently, KIS offers the BlackRock Program III which provides eleven (11) BlackRock Program III Models, comprised exclusively of BlackRock exchange traded funds, which span the risk/return spectrum for BlackRock Program III Models within the overall context of a diversified portfolio. The portfolios in the BlackRock Program III are designed by BIM and seek total return through exposure to a diversified portfolio of equity and fixed income asset classes with varying target allocations.

Prior to investing in a BlackRock Program III Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate BlackRock Program III Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which BlackRock Program III Model best suits the Client's risk tolerance. Clients select a BlackRock Program III Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which BlackRock Program III Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio BlackRock Program III Model recommended to the Client and details the underlying BlackRock Fund investments, as well as the overall asset and style allocation of the BlackRock Program III Model. The Client is ultimately responsible for the selection of the appropriate BlackRock Program III Model.



Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the BlackRock Program III Model or the specific underlying investment vehicles and strategies comprising the BlackRock Program III Model.

BIM does not exercise investment discretion with respect to the management of individual Client accounts. Rather, BIM constructs the BlackRock Program III Models, determines the specific BlackRock Fund(s) that comprise the BlackRock Program III Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the BlackRock Program III Models' asset allocations and/or underlying BlackRock Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen BlackRock Program III Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by BIM to Lockwood. Other services offered in connection with the BlackRock Program III include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen BlackRock Program III Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the BlackRock Program III is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the BlackRock Program III are negotiable in KIS's sole and absolute discretion.

Note: BIM does not receive any part of the BlackRock Program III fee. BIM does separately receive compensation in the form of advisory fees or issuer fees paid to it by the BlackRock Funds which comprise the particular BlackRock Program III Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such exchange traded funds. For further information regarding compensation BIM may receive from the BlackRock Funds comprising a particular BlackRock Program III Model selected by a Client, please see the prospectuses for those BlackRock mutual funds or exchange traded funds.

### **(g) Calvert Responsible Model Portfolios ("Calvert Program")**

KIS offers the Calvert Program on a nondiscretionary basis to its Clients through its relationship with Lockwood.

Calvert Research and Management ("Calvert") is a SEC-registered investment adviser that advises the Calvert family of mutual funds ("Calvert Funds") and offers actively managed (i.e., indexing), and model-only investment advisory services that include a variety of socially responsible equity, fixed-income, and multi-asset strategies. The Calvert Program is based on strategic asset allocation models ("Calvert Models") developed by Calvert as a third-party model strategist and are comprised of Calvert Funds



selected by Calvert for a particular Calvert Model. Calvert makes the Calvert Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' Calvert Program accounts and implements trade orders based on asset allocation changes communicated to money manager by Calvert.

Currently, KIS offers three (3) Calvert Models which provide an approach to investment diversification that incorporates environmental, social and governance (ESG) criteria. Calvert also manages a specialized Client mandate that includes "Terror-Free" criteria. Please read carefully Calvert's Form ADV Part 2A which more fully describes its responsible investment analysis and "Terror-Free" criteria.

Prior to investing in a Calvert Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Calvert Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Calvert Model best suits the Client's risk tolerance. Clients select a Calvert Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Calvert Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Calvert Model recommended to the Client and details the underlying Calvert Fund investments, as well as the overall asset and style allocation of the Calvert Model. The Client is ultimately responsible for the selection of the appropriate Calvert Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Calvert Model or the specific underlying investment vehicles and strategies comprising the Calvert Model.

Calvert does not exercise investment discretion with respect to the management of individual Client accounts. Rather, Calvert constructs the Calvert Models, determines the specific investments that comprise the Calvert Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Calvert Models' asset allocations and/or underlying Calvert Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen Calvert Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by Calvert to Lockwood. Other services offered in connection with the Calvert Program include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen Calvert Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the Calvert Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the Calvert Program are negotiable in KIS's sole and absolute discretion.

Note: Calvert does not receive any part of the Calvert Program fee. Calvert does separately receive compensation in the form of advisory fees or issuer fees paid to it by the Calvert Funds which comprise the particular Calvert Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such funds. For further information regarding compensation Calvert may receive from Calvert Funds comprising a particular Calvert Model selected by a Client, please see the prospectuses for those Calvert Funds.

#### **(h) AlphaSimplex Risk-Efficient Portfolios ("AlphaSimplex Program")**

KIS offers the AlphaSimplex Program on a non-discretionary basis to its Clients through its relationship with Lockwood.

AlphaSimplex Group, LLC ("ASG") is a SEC-registered investment adviser that provides non-discretionary investment sub-advisory services to other investment advisers by providing asset allocation models and advising the affiliated Natixis family of mutual funds ("Natixis Funds"). The AlphaSimplex Program is based on strategic asset allocation models ("AlphaSimplex Models") developed by ASG as a third-party model strategist and are comprised of mutual funds which may include Natixis Funds and other funds and investment vehicles selected by ASG for a particular AlphaSimplex Model. ASG makes the AlphaSimplex Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' AlphaSimplex Program accounts and implements trade orders based on asset allocation changes communicated to Lockwood by ASG.

Currently KIS offers the AlphaSimplex Program which provides three (3) AlphaSimplex Models designed by ASG with specific emphasis on the risk-reward characteristics of the underlying investments. The ASG models' objective is to explicitly manage risk within a targeted range.

Prior to investing in an AlphaSimplex Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate AlphaSimplex Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which AlphaSimplex Model best suits the Client's risk tolerance. Clients select an AlphaSimplex Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which AlphaSimplex Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio of the AlphaSimplex Model recommended to the Client and details the underlying Natixis Fund and other investments, as well as the overall asset and style allocation of the AlphaSimplex Model. The Client is ultimately responsible for the selection of the appropriate AlphaSimplex Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the AlphaSimplex Model or the specific underlying Natixis Funds or other investment vehicles and strategies comprising the AlphaSimplex Model.

ASG does not exercise investment discretion with respect to the management of individual Client accounts. Rather, ASG constructs the AlphaSimplex Models, determines the specific investments and Natixis Funds that comprise the AlphaSimplex Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Alpha-Simplex Models' asset allocations and/or underlying holdings.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen AlphaSimplex Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by ASG to

Lockwood. Other services offered in connection with the AlphaSimplex Program include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen AlphaSimplex Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the AlphaSimplex Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the AlphaSimplex Program are negotiable in KIS's sole and absolute discretion.

Note: ASG receives a strategist fee of 0.10% of the assets in the AlphaSimplex Program. In addition, ASG receives indirectly compensation in the form of advisory fees or issuer fees paid to it or an affiliate by the Natixis Funds which may comprise the particular AlphaSimplex Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets under their management with respect to such Natixis Funds, which will include Client account assets invested in such Natixis Funds. For further information regarding compensation ASG may receive from Natixis Funds comprising a particular AlphaSimplex Model selected by a Client, please see the prospectuses for those Natixis Funds.

### **(i) Loring Ward DFA Global Portfolio Series ("Loring Ward Program")**

**NOTE: Effective March 31, 2020, KIS will cease offering the Loring Ward Program to new Client accounts. Existing Client accounts invested in the Loring Ward Program may maintain and make additional investments in this program.**

KIS offers the Loring Ward Program on a non-discretionary basis to its Clients through its relationship with Lockwood.

BAM Advisor Services, LLC (doing business as Loring Ward) is successor-in-interest to LWI Financial, Inc. ("LW") and is a SEC-registered investment adviser that advises the Dimensional Fund Advisors ("DFA") family of mutual funds ("DFA Funds"). The Loring Ward Program is based on strategic asset allocation models ("Loring Ward Models") developed by LW as a third-party model strategist and are comprised of DFA Funds selected by LW for a particular Loring Ward Model, for which Dimensional Fund Advisors LP, an unaffiliated SEC registered investment advisor, sub-advises the DFA Funds comprising the Loring Ward Program. LW makes the Loring Ward Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' Loring Ward Program accounts and implements trade orders based on asset allocation changes communicated to Lockwood by LW.

Currently KIS offers the Loring Ward Program which provides seven (7) Loring Ward Models, comprised exclusively of DFA Funds, are designed with a targeted allocation to international markets as well as

significant small cap and value allocations. The portfolios are designed for investors who are comfortable with international investing within the context of diversification and long-term growth.

Prior to investing in a Loring Ward Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Loring Ward Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Loring Ward Model best suits the Client's risk tolerance. Clients select a Loring Ward Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Loring Ward Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio Loring Ward Model recommended to the Client and details the underlying DFA Fund investments, as well as the overall asset and style allocation of the Loring Ward Model. The Client is ultimately responsible for the selection of the appropriate asset allocation Loring Ward Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the Loring Ward Model or the specific underlying investment vehicles and strategies comprising the Loring Ward Model.

LW does not exercise investment discretion with respect to the management of individual Client accounts. Rather, LW constructs the Loring Ward Models, determines the specific DFA Fund(s) that comprise the Loring Ward Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the Loring Ward Models' asset allocations and/or underlying DFA Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen Loring Ward Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by LW to Lockwood. Other services offered in connection with the Loring Ward Program include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen Loring Ward Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS' current program fee for the Loring Ward Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the Loring Ward Program are negotiable in KIS's sole and absolute discretion.

Note: LW receives a strategist fee of 0.25% of the assets in the Loring Ward Program. In addition, LW receives indirectly compensation in the form of advisory fees or issuer fees paid to it or an affiliate by the DFA Funds which comprise the particular Loring Ward Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets under their management with respect to such

DFA Funds, which will include Client account assets invested in such DFA Funds. For further information regarding compensation LW may receive from DFA Funds comprising a particular Loring Ward Model selected by a Client, please see the prospectuses for those DFA Funds.

#### **(j) J.P. Morgan Global Multi-Asset Tactical Models (“JP Morgan Program I”)**

KIS offers the JP Morgan Program I on a nondiscretionary basis to its Clients through its relationship with Lockwood.

J.P. Morgan Asset Management (“JPAM”) is a SEC-registered investment adviser that advises the J.P. Morgan family of mutual funds and exchange traded funds (collectively or individually “JP Morgan Funds”). The JP Morgan Program I is based on strategic asset allocation models (“JP Morgan Program I”) developed by JPAM as a third-party model strategist and are comprised of JP Morgan Funds and other securities and investments selected by JPAM for a particular JP Morgan Program I Model. JPAM makes the JP Morgan Program I Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients’ JP Morgan Program I accounts and implements trade orders based on asset allocation changes communicated to Lockwood by JPAM.

Currently, KIS offers the JP Morgan Program I which provides five (5) JP Morgan Program I Models with varying risk profiles that seek to provide total return through exposure to economic growth through a mix of traditional asset classes, mainly global equities and fixed income.

Prior to investing in a JP Morgan Program I Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate JP Morgan Program I Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which JP Morgan Program I Model best suits the Client’s risk tolerance. Clients select a JP Morgan Program I Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which JP Morgan Program I Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio JP Morgan Program I Model recommended to the Client and details the underlying investments, as well as the overall asset and style allocation of the JP Morgan Program I Model. The Client is ultimately responsible for the selection of the appropriate JP Morgan Program I Model.

Neither KIS nor Lockwood exercise investment discretion in the Client’s selection of the JP Morgan Program I Model or the specific underlying investment vehicles and strategies comprising the JP Morgan Program I Model.

JPAM does not exercise investment discretion with respect to the management of individual Client accounts. Rather, JPAM constructs the JP Morgan Program I Models, determines the specific JP Morgan Fund(s) and other securities and investments that comprise the JP Morgan Program I Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the JP Morgan Program I Models’ asset allocations and/or underlying JP Morgan Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client’s chosen JP Morgan Program I Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by JPAM to Lockwood. Other services offered in connection with the JP Morgan Program I include but are not limited to: periodic rebalancing of the Client’s securities positions within the Client’s chosen JP Morgan Program I Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS’s current program fee for the JP Morgan Program I is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the JP Morgan Program I are negotiable in KIS's sole and absolute discretion.

Note: JPAM does not receive any part of the JP Morgan Program I fee. JPAM does separately receive compensation in the form of advisory fees or issuer fees paid to it by the JP Morgan Funds which comprise the particular JP Morgan Program I Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such JP Morgan Funds and/or exchange traded funds. For further information regarding compensation JPAM may receive from JP Morgan Funds and/or exchange traded funds comprising a particular JP Morgan Program I Model selected by a Client, please see the prospectuses for those JP Morgan mutual funds or exchange-traded funds.

#### **(k) J.P. Morgan Dynamic Flexible Advisory Portfolios ("JP Morgan Program II")**

KIS offers the JP Morgan Program II on a non-discretionary basis to its Clients through its relationship with Lockwood. Lockwood serves as the discretionary money manager for the JP Morgan Program II.

In addition to the JP Morgan Program I described in Section 4(j) above, KIS also offers the JP Morgan Program II which provides three (3) JP Morgan Program II Models with varying risk profiles that seek to maximize risk-adjusted returns during market upswings and minimize losses during market downswings.

The JP Morgan Program II is based on strategic asset allocation models developed by JPAM as a third-party model strategist and are comprised of JP Morgan Funds and other securities and investments selected by JPAM for a particular JP Morgan Program II Model. JPAM makes the JP Morgan Program II Models available to Lockwood for its use in managing individual Client accounts. Lockwood provides discretionary management for Clients' JP Morgan Program II accounts and implements trade orders based on asset allocation changes communicated to Lockwood by JPAM.

Prior to investing in a JP Morgan Program II Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate JP Morgan Program II Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which JP Morgan Program II Model best suits the Client's risk tolerance. Clients select a JP Morgan Program II Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which JP Morgan Program II Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio JP Morgan Program II Model recommended to the Client and details the underlying investments, as well as the overall asset and style allocation of the JP Morgan Program II Model. The Client is ultimately responsible for the selection of the appropriate JP Morgan Program II Model.

Neither KIS nor Lockwood exercise investment discretion in the Client's selection of the JP Morgan Program II Model or the specific underlying investment vehicles and strategies comprising the JP Morgan Program II Model.

JPAM does not exercise investment discretion with respect to the management of individual Client accounts. Rather, JPAM constructs the JP Morgan Program II Models, determines the specific JP Morgan Fund(s) and other securities and investments that comprise the JP Morgan Program II Models, and from time-to-time, and without notice to or approval from Clients or KIS, advises Lockwood regarding adjustments to the JP Morgan Program II Models' asset allocations and/or underlying JP Morgan Fund(s).

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen JP Morgan Program II Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by JPAM to Lockwood. Other services offered in connection with the JP Morgan Program II include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen JP Morgan Program II Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS's current program fee for the JP Morgan Program II is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.22%
\$500,001 - \$1,000,000	0.21%
\$1,000,001+	0.20%

Fees for the JP Morgan Program II are negotiable in KIS's sole and absolute discretion.

Note: JPAM does not receive any part of the JP Morgan Program II fee. JPAM does separately receive compensation in the form of advisory fees or issuer fees paid to it by the JP Morgan Funds which comprise the particular JP Morgan Program II Model portfolios in which Clients may be invested. Such compensation is based on a percentage of the assets invested in such JP Morgan Funds and/or exchange traded funds. For further information regarding compensation JPAM may receive from the JP Morgan Funds and/or exchange traded funds comprising a particular JP Morgan Program II Model selected by a Client, please see the prospectuses for those JP Morgan mutual funds or exchange-traded funds.

### **(I) Key Select Portfolios ("Key Program")**

**Note: The Key Program consists of strategic asset allocation models for investing in securities. The Key Program, its models, and their constituent securities are not bank deposits; are not FDIC insured; are not guaranteed by any bank including KeyBank; any Client investing in the Key Program may lose any part or all of the amounts invested; and are not insured by any Federal or State government agency.**

KIS offers the Key Program on a nondiscretionary basis to its Clients through its relationship with Lockwood. Lockwood serves as the discretionary money manager for the Key Program.



KeyBank National Association (“KeyBank”) is a national bank, and an affiliate of KIS. The Key Program is based on strategic asset allocation models (“Key Models”) developed by KeyBank as a third-party model strategist and are comprised of exchange traded funds selected by KeyBank for a particular Key Model. KeyBank makes the Key Models available to Lockwood for Lockwood’s use in managing individual Client accounts. Lockwood provides discretionary management for Clients’ Key Program accounts and implements trade orders based on asset allocation changes communicated to Lockwood by KeyBank.

**Clients should be aware that KeyBank is an affiliate of KIS. Therefore, KIS’s CAs have a conflict of interest in recommending the Key Program over other programs offered as part of KIS’s advisory services. While the CA will not be directly compensated more for recommending the Key Program over other investment programs available to Clients, he or she will be aware that accounts in the Key Program benefit KeyBank, KIS and their parent financial holding company more than non-KeyBank sponsored programs offered. This may induce the CA to recommend the Key Program over others which creates a conflict of interest. KIS mitigates this conflict by having a supervisory review done of any recommendations to ensure that they are in the Client’s best interests.**

Currently, KIS offers the Key Program which provides eleven (11) Key Models which span the risk/return spectrum for Key Models within the overall context of a diversified portfolio.

Prior to investing in a Key Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate Key Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which Key Model best suits the Client’s risk tolerance. Clients select a Key Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which Key Model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio in the Key Model recommended to the Client and details the underlying exchange-traded fund investments, as well as the overall asset and style allocation of the Key Model. The Client is ultimately responsible for the selection of the appropriate Key Model.

Neither KIS nor Lockwood exercise investment discretion in the selection of the Key Model or the specific underlying investment vehicles and strategies comprising the Key Model.

KeyBank does not exercise investment discretion with respect to the management of individual Client accounts. Rather, KeyBank constructs the Key Models, determines the specific investments and exchange traded funds that comprise the Key Models, and from time-to-time, and without notice or approval from Clients or KIS, advises Lockwood regarding adjustments to the Key Models’ asset allocations and/or underlying holdings.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client’s chosen Key Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by KeyBank to Lockwood. Other services offered in connection with the Key Program include but are not limited to: periodic rebalancing of the Client’s securities positions within the Client’s chosen Key Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS’s current program fee for the Key Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%



\$1,000,001+

1.00%

KIS uses a portion of the program fee to pay Lockwood a money manager fee of 0.20% of portfolio value.

Note: KeyBank receives compensation for its services through a shared services agreement between KeyBank and KIS. Such services are priced at a market rate, per federal banking regulations, and are then charged internally against KIS. In addition, KeyBank receives indirect compensation in the form of advisory fees paid to its affiliate, KIS. Client accounts will not be directly charged for these services because they are part of the program fee for the Key Program.

Fees for the Key Program are negotiable in KIS's sole and absolute discretion.

## **(5) Investnet Asset Management, Inc. Programs ("Investnet")**

Investnet is a SEC-registered investment advisor that provides an extensive range of investment advisory services for advisors such as KIS and their clients, including the three programs described below.

### **(a) Key Managed Account ("KMA")**

**NOTE: Effective March 31, 2020, KIS will cease offering the KMA Program to new Client accounts. Existing Client accounts invested in the KMA Program may maintain and make additional investments in this program.**

Prior to investing in the KMA program, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate KMA model mutual fund/ETF portfolio. The fourteen (14) currently available models span the risk/return spectrum from a current income model to a growth model within the overall context of a diversified portfolio. KIS does not exercise investment discretion in the selection of the asset allocation or the specific underlying investment vehicles and strategies used in a Client's account. KIS CAs, utilizing Investnet tools, provide recommendations regarding such asset allocation and underlying investment vehicles and strategies to meet a Client's investment objectives. Clients make the final determinations as to which KMA model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. Clients are ultimately responsible for the selection of the appropriate asset allocation model and strategy.

Investnet has full discretionary authority to invest, reinvest and otherwise deal with assets in KMA client accounts in its discretion within the model selected by the Client. Investnet may, when it deems appropriate and without prior consultation with clients or KIS, buy, sell, exchange, convert and otherwise trade in any stocks, bonds, mutual funds, alternative investments and other securities, and may at its discretion replace underlying mutual funds and ETFs in a model if, for example, Investnet deems such mutual fund or ETF to be underperforming. Investnet also provides overlay management services for the client's KMA account and implements trade orders based on the directions of the investment strategies contained in KMA portfolios.

KIS's current program fee schedule for KMA is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.50%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay a fee to Envestnet as follows:

<u>Portfolio Value</u>	<u>Fee</u>
\$0 - \$250,000	0.35%
\$250,001 - \$500,000	0.33%
\$500,000+	0.30%

Fees for KMA are negotiable in KIS's sole and absolute discretion.

### **(b) Efficient Market Advisors Model Strategies Program ("EMA Program")**

KIS offers the EMA Program on a nondiscretionary basis to its clients through its relationship with Envestnet. Envestnet serves as overlay manager for the EMA Program.

Efficient Market Advisors, a business unit of Cantor Fitzgerald Investment Advisors, L.P., a SEC-registered investment advisor ("EMA"), constructs proprietary investment strategies using exchange-traded funds ("ETFs") for third party advisers such as Envestnet in which EMA provides the third-party adviser with model portfolios in certain investment styles. The EMA Program is based on strategic asset allocation models ("EMA Model(s)") developed by EMA as a third-party model strategist and are comprised of ETFs selected by EMA for a particular EMA Model. EMA makes the EMA Models available to Envestnet for Envestnet's use in managing individual client accounts. Envestnet provides overlay management for Clients' EMA Program accounts and implements trade orders based on asset allocation changes communicated to Envestnet by EMA.

The EMA Program provides fifteen (15) core EMA Models which span the risk/return spectrum from a current income EMA Model to a growth EMA Model within the overall context of a diversified portfolio. The EMA Models vary in their exposure to different asset classes (such as equities, fixed income, real assets and alternative investments), as well as different styles (such as defensive, dynamic, growth, core, and value), paired together to achieve diversification that seeks to meet a variety of investment objectives.

Prior to investing in the EMA Program, Clients complete an Envestnet-provided risk profile questionnaire which is intended to guide them in the selection of the appropriate EMA Model. The output from the questionnaire is a risk score, which assists the KIS CA in advising the Client on a non-discretionary basis which EMA Model best suits the Client's risk tolerance and investment objectives. Clients select an EMA Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determinations as to which EMA model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio in the EMA Model recommended to the Client and details the underlying investments, as well as the overall asset and style allocation of the EMA Model. The Client is ultimately responsible for the selection of the appropriate EMA Model.

Neither KIS nor Envestnet exercise investment discretion in the selection of the EMA Model or the specific ETFs comprising the EMA Model.

EMA does not exercise investment discretion with respect to the management of individual Client accounts. Rather, EMA constructs the EMA Models, determines the specific ETFs that comprise the EMA Models, and from time-to-time, and without notice to or approval from clients or KIS, advises Envestnet regarding adjustments to the EMA Models' asset allocations and/or underlying investments.

Envestnet retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen EMA Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by EMA to

Envestnet. Other services offered in connection with the EMA Program include but are not limited to: periodic rebalancing of the Client's securities positions with the Client's chosen EMA Model by Envestnet to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Envestnet.

KIS's current program fee for EMA Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Envestnet a Model Provider Fee (for access to the Model selected by the Client) as follows:

<u>Portfolio Value</u>	<u>Model Provider Fee</u>
0 - \$250,000	0.20%
\$250,001 - \$500,000	0.19%
\$500,001 - \$1,000,000	0.17%
\$1,000,001 - \$2,000,000	0.15%
\$2,000,001+	0.13%

Note: EMA receives a strategist fee of 0.30% of the assets in the EMA Program. Please see EMA's and Envestnet's respective Form ADV Part 2A for further information.

Fees for the EMA Program are negotiable in KIS's sole and absolute discretion.

### **(c) WisdomTree IQCIO Risk-Managed Model Portfolios ("WisdomTree Program")**

**NOTE: Effective March 31, 2020, KIS will cease offering the WisdomTree Program to new Client accounts. Existing Client accounts invested in the WisdomTree Program may maintain and make additional investments in this program.**

KIS offers the WisdomTree Program on a nondiscretionary basis to its Clients through its relationship with Envestnet. Envestnet serves as overlay manager for the WisdomTree Program.

WisdomTree Asset Management, Inc. ("WisdomTree") is an SEC-registered investment adviser that provides third party advisers such as Envestnet with model portfolios in certain investment styles. The WisdomTree Program is based on strategic asset allocation models ("WisdomTree Model(s)") developed by WisdomTree as a third-party model strategist in consultation with IQCIO, LLC, ("IQCIO") an SEC-registered investment adviser and are comprised of mutual funds and ETFs selected by WisdomTree for a particular WisdomTree Model. WisdomTree and IQCIO choose assets for each of the WisdomTree Models and rebalance them with an aim to manage volatility and mitigate loss through dynamic asset allocation methods proprietary to IQCIO. The WisdomTree Models may contain mutual funds and ETFs sponsored or advised by WisdomTree or its affiliated companies, and such proprietary mutual funds or ETFs may constitute up to 100% of the Client's portfolio. WisdomTree makes the WisdomTree Models available to Envestnet for Envestnet's use in managing individual client accounts. Envestnet provides overlay management for clients' WisdomTree Program accounts and implements trade orders based on asset allocation changes communicated to Envestnet by WisdomTree in consultation with IQCIO.

The WisdomTree Program provides three (3) WisdomTree Models, a Conservative Model Portfolio, a Moderate Model Portfolio and an Aggressive Model Portfolio, all three created for KIS which span the

risk/return spectrum within the overall context of a diversified portfolio. The WisdomTree Models vary in their exposure to different asset classes (such as equities, fixed income, real assets and alternative investments), as well as different styles (such as defensive, dynamic, growth, core, and value), paired together to achieve diversification that seeks to meet a variety of investment objectives.

Prior to investing in a WisdomTree Model, Clients complete an Envestnet-provided risk profile questionnaire which is intended to guide them in the selection of the appropriate WisdomTree Model. The output from the questionnaire is a risk score, which assists the KIS CA in recommending which WisdomTree Model best suits the client's risk tolerance and investment objectives. Clients select a WisdomTree Model that is appropriate for the investment circumstances clients set forth in the risk profile questionnaire. Clients make the final determinations as to which EMA model, if any, into which they choose to invest, their overall investment strategy, and any profile changes in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio WisdomTree Model recommended to the Client and details the underlying investments, as well as the overall asset and style allocation of the WisdomTree Model. The Client is ultimately responsible for the selection of the appropriate WisdomTree Model.

Neither KIS nor Envestnet exercise investment discretion in the selection of the WisdomTree Model or the specific underlying investment vehicles and strategies comprising the WisdomTree Model.

WisdomTree does not exercise investment discretion with respect to the management of individual Client accounts. Rather, WisdomTree constructs the WisdomTree Models, determines the specific mutual funds and/or ETFs that comprise the WisdomTree Models, and from time-to-time, and without notice to or approval from clients or KIS, advises Envestnet regarding adjustments to the WisdomTree Models' asset allocations and/or underlying investments.

Envestnet retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client's chosen WisdomTree Model and may implement asset allocation changes differently with respect to individual Client accounts than the asset allocation changes advised by WisdomTree to Envestnet. Other services offered in connection with the WisdomTree Program include but are not limited to: periodic rebalancing of the Client's securities positions within the Client's chosen WisdomTree Model by Envestnet to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Envestnet.

KIS's current program fee for WisdomTree Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%
\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Envestnet a Model Provider Fee (for access to the Model selected by client) as follows:

<u>Portfolio Value</u>	<u>Model Provider Fee</u>
0 - \$250,000	0.20%
\$250,001 - \$500,000	0.19%
\$500,001 - \$1,000,000	0.17%
\$1,000,001 - \$2,000,000	0.15%
\$2,000,001+	0.13%

Note: WisdomTree receives a strategist fee of 0.12% of the assets in the WisdomTree Program. Please see WisdomTree's and Envestnet's respective Form ADV Part 2A for further information. WisdomTree also separately receives compensation in the form of advisory fees paid to it by the WisdomTree Funds which comprise the particular WisdomTree Model portfolios in which Clients may be invested, in connection with WisdomTree's management of the WisdomTree Funds. Such compensation is based on a percentage of the assets under WisdomTree's management with respect to the WisdomTree Funds, which will include Client account assets invested in such WisdomTree Funds. For further information regarding compensation WisdomTree may receive from WisdomTree Funds comprising a particular WisdomTree Model selected by a Client, please see the prospectuses for those WisdomTree Funds and WisdomTree's Form ADV Part 2A.

Fees for the WisdomTree Program are negotiable in KIS's sole and absolute discretion.

## **(6) Separately Managed Account Program ("SMA Program")**

The KIS SMA Program is a separately managed account program. KIS offers the SMA Program on a non-discretionary basis to its Clients through its relationship with Lockwood. Lockwood serves as the third-party service provider to KIS for the SMA Program.

The SMA Program is designed to offer Clients third party investment manager ("Investment Manager") selection, consulting, brokerage, portfolio supervision and consolidated reporting in return for a "wrap" fee. Prior to investing in the SMA Program, Clients complete a KIS provided risk profile questionnaire which is intended to guide them in the selection of the appropriate Investment Manager. The output from the questionnaire is a risk score, which assists the CA in recommending an Investment Manager(s) to manage discretionary trading in the Client's account consistent with the Client's risk tolerance and investment objectives. The Client makes the final determination as to the overall investment strategy, Investment Manager(s), and profile changes which will be applicable to their account(s).

Lockwood, as a third-party service provider to KIS, evaluates Investment Managers and provides a list of prequalified Investment Managers ("Covered Managers") for participation in the SMA Program as determined by KIS, from which Clients may choose for their SMA Program account. In order to provide the list of Covered Managers, Lockwood may work with the Manager Research Group of its affiliate, The Bank of New York Mellon Corporation ("BNY Mellon"), to review and research Investment Managers. Lockwood conducts an initial review of all Investment Managers available in the SMA Program and regularly monitors the participating Investment Managers for continued qualifications and performance. Lockwood makes available its reviews and research to KIS through "Manager Research Scorecard" summaries, which are also reviewed by KIS's Product Due Diligence Committee on a periodic basis. Lockwood retains authority regarding the inclusion or removal of Covered Managers and investment vehicles approved to participate on the SMA Program platform, from which Clients may select an Investment Manager for their accounts. However, Lockwood as such third-party service provider to KIS, does not provide investment advice to Clients. Rather, Lockwood is providing its proprietary research to KIS for KIS's use in determining which Investment Managers are to be included in the SMA Program, and Lockwood does not serve as an investment adviser or discretionary money manager to those Clients who invest in the SMA Program.

KIS CAs work with the Client to review the Client's financial situation and investment profile to assist the Client in determining if the Investment Manager(s) under consideration is/are consistent with the Client's investment objectives. The Investment Manager(s) selected by the Client will provide discretionary investment advisory services and is/are responsible for all investment decisions in the Client's account(s). The Investment Manager will employ various investment strategies as described in the Investment Manager's Form ADV Part 2A Brochure, and any other material the Investment Manager may provide to the Client. Each Investment Manager employs its own strategy and timeframe for investing funds. Clients

and CAs should consult each Investment Manager's Form ADV Part 2A Brochure to determine the Investment Manager's specific background, strategy, and procedures. KIS, through Lockwood, will provide quarterly performance analysis and reporting. The minimum account size for the SMA Program is generally \$100,000 but varies by Investment Manager. KIS's current fee schedule for SMA Program accounts is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>	
	<u>Equities/Balanced</u>	<u>Fixed Income</u>
First \$500,000	3.00%	2.00%
Next \$500,000	2.50%	1.75%
Next \$1,500,000	2.00%	1.50%
Remainder	1.50%	1.50%

From the program fee, KIS will also pay or cause to be paid the Investment Manager's fee, which will vary, as well as charges assessed by various providers of services, such as by the clearing broker, to Client's account. Please read carefully the Investment Manager's Form ADV Part 2A for further information. Please also read your KIS Standard Advisory Contract and Client Agreement for further information with respect to fees and other costs or charges.

Note: KIS will also pay or cause to be paid out of the KIS Program fee to Lockwood, as a third-party service provider to KIS, a third-party service provider fee of 0.20% of the assets in the KIS SMA Program.

Note: Each Investment Manager in the SMA Program may, and generally will, as they deem appropriate in their discretion, place trades through brokers other than Pershing. As disclosed below, commissions, mark-ups or mark-downs, or similar costs and charges associated with the execution of such trades will be deducted from a Client's allocable assets and may reduce the Client's overall return. All Investment Managers are required to have best execution policies and procedures, and KIS will review the respective Investment Manager's best execution policies, procedures and practices. Please read carefully the Investment Manager's Form ADV Part 2A brochure concerning its best execution policies and practices.

Fees for the SMA Program are negotiable in KIS's sole and absolute discretion.

Note: On September 17, 2018, Lockwood disclosed that it had amended Item 9 of its Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure to disclose administrative proceedings brought by the SEC against Lockwood based on Lockwood's failure to adopt and implement policies and procedures reasonably designed to provide clients or their investment managers with material information about third party portfolio manager "trading away" practices in Lockwood's separately managed account wrap fee program ("Wrap Program") and the full extent of the costs of choosing certain portfolio managers in those Wrap Programs. Lockwood was ordered to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Lockwood paid a civil money penalty in the amount of \$200,000 to the SEC.

Note: "On February 12, 2018 the SEC announced the Share Class Selection Disclosure Initiative ("SCSD Initiative"), a self-reporting initiative directed at investment advisers, under which the SEC Division of Enforcement agreed to recommend favorable settlement terms for advisers who self-report violations of the federal securities laws relating to certain mutual fund share class selection and disclosure issues and who promptly return money to harmed clients. Lockwood voluntarily participated in the SCSD Initiative. In connection with the SCSD Initiative, Lockwood undertook a review of its disclosures, and of the mutual fund share classes recommended to, or purchased or held by, clients invested in Lockwood Programs during the period between January 1, 2014 and September 4, 2015 and determined that, during this period, certain mutual funds paid

12(b)1 fees totaling \$45,872 to Pershing Adviser Solutions, a broker-dealer affiliated with Lockwood, when a lower cost share class was available. Lockwood 43 voluntarily reported this to the SEC pursuant to the SCSD Initiative. On March 11, 2019, the SEC issued an Order Instituting Administrative and Cease and Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease and Desist Order against Lockwood (the “Order”), which Order found that Lockwood violated Sections 206(2) and 207 of the Advisers Act. Lockwood was ordered to cease and desist from future violations of Sections 206(2) and 207 of the Advisers Act; was censured; and was ordered to pay disgorgement of \$45,872, together with prejudgment interest of \$6,315.98, and to distribute such amounts to affected client.

## **(7) Lockwood/American Funds Core Portfolios (“Lockwood American Funds Program”)**

KIS offers the Lockwood American Funds Program on a nondiscretionary basis to its clients through its relationship with Lockwood which serves as discretionary money manager for the Lockwood American Funds Program.

The Lockwood American Funds Program is based on strategic asset allocation models (“LAFP Models”) developed by Lockwood and are comprised of American Funds’ mutual funds (“AF Funds”) and ETFs selected by Lockwood for a particular LAFP Model. Currently, KIS offers three (3) LAFP Models which provide broad-market stock and investment-grade bond exposure in a range of stock/bond allocations, from 73% fixed income to 90% equity. Lockwood provides discretionary management for Clients’ accounts and implements trade orders based on asset allocation changes that Lockwood, in its sole discretion, determines to be appropriate.

Prior to investing in a LAFP Model, Clients complete a risk profile questionnaire which is intended to guide them in the selection of the appropriate LAFP Model. The output from the questionnaire is a risk score, which assists the KIS CA in recommending a LAFP Model(s) which best suits the Client’s risk tolerance and investment objectives. Clients select a LAFP Model that is appropriate for the investment circumstances Clients set forth in the risk profile questionnaire. Clients make the final determination as to which overall investment strategy, LAFP Model, and profile changes will be made in their accounts. The CA may provide the Client with an investment proposal or strategy sheet that identifies the specific portfolio in the LAFP Model recommended to the Client and details the underlying AF Funds’ investments, as well as the overall asset and style allocation of the LAFP Model. The Client is ultimately responsible for the selection of the appropriate LAFP Model.

Neither KIS nor Lockwood exercise investment discretion in the selection of the LAFP Model. KIS does not exercise investment discretion concerning the specific underlying investment vehicles and strategies comprising the LAFP Model.

Lockwood retains discretion with respect to individual Client accounts over the implementation of asset allocation changes in the Client’s chosen LAFP Model and may implement asset allocation changes differently with respect to individual Client accounts. Other services offered in connection with the Lockwood American Funds Program include but are not limited to: periodic rebalancing of the Client’s securities positions within the Client’s chosen LAFP Model by Lockwood to maintain the desired asset allocation; the provision of monthly custodial account statements by Pershing; and, the provision of quarterly performance reporting by Lockwood.

KIS’s current program fee for the Lockwood American Funds Program is as follows:

<u>Portfolio Value</u>	<u>Maximum Annual Fee</u>
\$0 - \$500,000	1.80%



\$500,001 - \$1,000,000	1.30%
\$1,000,001+	1.00%

KIS uses a portion of its program fee to pay Lockwood a money manager fee as follows:

<u>Portfolio Value</u>	<u>Money Manager Fee</u>
\$0 - \$500,000	0.30%
\$500,001 - \$1,000,000	0.25%
\$1,000,001+	0.20%

Fees for the Lockwood American Funds Program are negotiable in KIS's sole and absolute discretion.

### **Fees Not Included in Program Fees**

Fees for the various Wrap Programs described herein do not cover all costs or charges arising from these programs. For example, these Wrap Program fees do not cover (i) dealer markups or markdowns that are embedded in the price of certain securities, executed on a "Net" basis; (ii) costs associated with the purchase and sale of mutual funds; (iii) charges imposed by law; (iv) costs relating to trading in foreign securities or currencies; (v) internal charges and fees that may be imposed by any collective investment vehicles such as open-end funds, closed-end funds, index shares, UITs, ETFs, or real estate investment trusts; (vi) other specialized charges such as transfer taxes, exchange and SEC transaction fees; (vii) any brokerage commissions or other charges imposed by broker dealers or entities other than Pershing (i.e., "step-out trading" costs) and certain liquidation fees; (viii) certain hard dollar fees associated with foreign exchange, taxes and other related fees in connection with American Depositary Receipts; (ix) certain charges associated with securities transactions in Client's account such as spreads charged on transactions in over-the-counter securities and contingent deferred sales charges that may be imposed upon the liquidation of in-kind assets transferred into the program; (x) certain custodial charges that may be charged by a custodian such as a minimum account fee or charges for ACAT transfers, electronic and wire transfer charges, optional services elected by Client, transaction-based ticket charges that may be assessed by custodian for the purchase of certain mutual funds, and certain non-brokerage related charges such as IRA trustee fees or IRA termination fees; and (xi) possible mutual fund redemption fees. Please see the prospectus or other disclosure document for the specific collective investment vehicle for detailed information regarding such fees. If there is insufficient cash in a Wrap Program Client account to pay fees, costs or other charges, Lockwood or Envestnet may sell account assets to pay them. Clients should carefully review Lockwood's and/or Envestnet's Form ADV Part 2A and their investment management account investment selection forms and terms and conditions for further information on such costs or charges. Please also read carefully Lockwood's and/or Envestnet's Form ADV Part 2A to learn what portion of the fees Lockwood and the sub-managers may receive and details regarding what this portion of the fees covers.

### **KIS Program Services**

KIS assists Wrap Program Clients in the formulation of their investment objectives and advises Clients regarding the suitability of KIS's Wrap Programs to meet their investment needs, whether a managed account is a suitable investment vehicle for the Client, and whether particular portfolio management options are suitable for the Client considering the Client's risk tolerance and investment objectives.

For all Advisory Products, KIS through a KIS CA will consult with the Client and complete, with the Client's assistance, a risk profile questionnaire to determine the Client's risk profile score based on the Client's financial circumstances, investment objectives, and to place any reasonable restrictions on management of the wrap account. Based upon the risk profile score, KIS will assist the Client in selecting investment options from available investment programs. Clients open wrap accounts with KIS and retain KIS to assist the Client in allocating the Client's assets and in monitoring and/or selecting one or more



investment options and to provide trade execution, reporting and custodial services for the account. For additional information regarding Review of Accounts, please see Item 9(4).

For all Advisory Products currently offered, KIS introduces the Client's account to Pershing which will act as custodian for the account. Services offered by Pershing as custodian of the account include all custodial functions customarily performed with respect to such accounts including, but not limited to: back office support, execution of securities transactions (when appropriate), crediting of interest and dividends, and periodic reporting, which reports Pershing will send directly to the Client.

A Client who participates in a Wrap Program should consider whether, after considering the level of portfolio activity in the Client's account, the value of the custodial and the other services which are provided under the arrangement, the wrap fee exceeds the aggregate cost of such services if they were to be purchased separately. Because the wrap fee may be greater than would have been the case if the Client paid separately for investment advice and brokerage and other services or participated in another program, CAs may have an incentive to recommend the Wrap Programs over alternative programs or over the purchase of such services separately, including with respect to mutual funds, collective investment vehicles, or other assets that may comprise a Wrap Program account and which may be purchased on an individual basis through KIS' standard brokerage services.

Investments in mutual funds and ETFs are subject to various other fees that are paid by those portfolios, but ultimately are borne by shareholders through lower returns than would likely be experienced without those fees. These expenses may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees related to investment in mutual funds. In addition, securities purchased by an Investment Manager may require that spreads be paid to market makers as markups or markdowns of the price of the security purchased.

KIS is generally compensated by fees calculated as a percentage of assets under management and may also on occasion be compensated through fixed-fee arrangements. Fees that are calculated as a percentage of assets under management are generally charged quarterly in advance, based upon the average daily balance of assets under management, including money market and other cash equivalent assets, during the prior quarter. All fees are deducted from the account unless otherwise agreed.

KIS or the Client may generally terminate a Client Agreement at any time by written notice, in some cases with thirty (30) days' prior written notice. If a Client terminates the agreement within five (5) business days after it has been signed by the Client and accepted by KIS, the Client generally will receive a full refund of all fees and expenses. If the Client Agreement is terminated at any time after five (5) business days of its signing and during a quarter, the Client will be entitled to a pro rata refund of any prepaid fees, in each case based upon the number of days remaining in the quarter after the date upon which notice of termination is received.

For all Advisory Products, Clients are charged a program fee every calendar quarter in advance. The maximum program fee that Clients may be charged is set forth in the tables above in the description of the applicable Advisory Product. The program fee paid by a particular Client is set forth in the Client Agreement as it may be amended. KIS shares a portion of the program fee for Advisory Products with Pershing, Lockwood and/or Envestnet and any applicable sub-managers for their respective services. No program fee adjustments are made for any billing period with respect to partial withdrawals within a billing period. Program fees do not cover all costs or charges arising from these accounts. For further information, please see "Fees Not Included in Program Fee" above, the Advisory Product descriptions in Item 4 above, and the respective third-party service provider's applicable Form ADV Part 2 brochure.

KIS will share its portion of the program fee it receives with the KIS CA for the Client's account ("Fee Split"). KIS will provide a greater portion of the Fee Split to its CAs in connection with new accounts

opened in the first year than in subsequent years. The payment by KIS of additional compensation to an CA will not affect the amount of the program fee charged to Client's account. The amount of such compensation may be greater than what the KIS CA would receive if the Client purchased separately KIS's brokerage or other services as such services. Such personnel may, therefore, have a financial incentive to recommend these Wrap Programs over other investment products, programs or services.

In KIS's sole and absolute discretion: a) it may negotiate varying fees for Clients; b) certain related accounts may be aggregated for purposes of applying the applicable fee schedule as if the accounts were one account; c) account minimums may be waived; and d) KIS may also charge different fees than the fees summarized in this brochure, such as a flat fee rate such that assets will be charged the same rate regardless of the amount of assets in the account based upon factors deemed relevant by KIS such as additional assets under management in different programs or other business relationships with the Client. This could cause Clients who do not receive such treatment to pay more for the same or similar services.

KIS may in its sole discretion change the actual fee charged upon thirty days' written notice to the Client. Clients must either accept the change or close the account.

Because KIS's advisory fees and those of the other third-party investment advisers within the firm's advisory program are based on assets under management, KIS and those third-party investment advisers have a conflict of interest in valuing securities held in Client accounts, since a higher valuation produces higher advisory fees. For Client Accounts for which Pershing acts as the custodian, securities listed on any national securities exchange shall be valued, as of the valuation date, at the closing price on the principal exchange on which those securities are traded. Pershing shall value any other securities or investments in a manner determined by Pershing in good faith to reflect fair market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the such securities or investments. Pershing in its sole discretion may use the services of an independent evaluator, as well as other independent sources with respect to the computation of market value of securities. The data contained in those reports has not been verified by Pershing or KIS.

A Client may request that uninvested cash funds in their account awaiting permanent investment to be swept into the Dreyfus Insured Deposit Program (the "Sweep Program") offered through Pershing. Pershing operates the Sweep Program which, if the Client chooses to participate, will sweep Client's excess cash balances in their brokerage account at Pershing into interest-bearing bank deposit accounts ("Deposit Accounts") at various depository institutions ("Program Banks") and sweeps a Client's cash from the various Program Banks to cover purchases of securities and other debits in the Client's brokerage account carried at Pershing. The Client receives interest on balances held on deposit at the various Program Banks. Interest rates may fluctuate and are based on the interest rates determined and paid by the respective Program Banks in which a Client's balances are invested. A Client may receive a lower rate of return on balances invested through the Sweep Program than on other investment or cash sweep alternatives. A Client will not have a direct access to the funds deposited with the Program Banks, but a Client may access his or her funds through their account by contacting their CA to process such a request through Pershing. A Client's brokerage statement will list the names of the Program Banks holding the Client's balances, as well as how much is on deposit with each respective Program Bank. Pershing or its affiliated companies (Promontory InterFinancial Network ("Promontory") and Dreyfus Cash Investment Services, a division of MBSC Securities Corporation ("Dreyfus") who provide services to the Sweep Program may change Program Banks participating in the Sweep Program and their priority for receiving deposits from time to time. Pershing, Promontory and Dreyfus earn fees (which may or may not be account-based) on the amount of money in the Program, including a Client's balances. Pershing or Dreyfus may be affiliated with Program Banks. KIS's affiliated banks are not currently Program Banks. For further information concerning the Sweep Program (including the eligibility of deposited funds for FDIC insurance of up to \$250,000 per insurable interest), please read the Dreyfus Insured Deposit Program Disclosure Statement

and Terms and Conditions for Single Rate Program which is supplied at account opening or is available on request from a Client's CA.

### **Other Fees and Compensation Received by KIS from Third Parties**

Certain mutual funds in which Clients may invest, distribute or may distribute payments to KIS and/or Pershing as clearing broker for KIS, including payments from mutual funds for which neither KIS nor any of its affiliates or subsidiaries ("Key") serves as an investment adviser, fund manager, or distributor ("Non-Proprietary Mutual Funds"). Such payments may be made pursuant to a Rule 12b-1 distribution plan or other arrangements as compensation to help defray the costs of services offered by KIS and made available to fund families such as for distribution, shareholder services, record keeping, administrative services, and the costs of KIS CA training and continuing education and sales events. Such payments may be distributed from the fund's total assets. In addition, Key has entered into arrangements with Non-Proprietary Mutual Fund companies under which the Non-Proprietary Mutual Funds and/or the Non-Proprietary Mutual Fund companies compensate Key for services provided to the Non-Proprietary Mutual Funds and/or the Non-Proprietary Mutual Fund companies. These fees for services are in addition to, and will not reduce, Key's compensation for other services provided to Clients' accounts. Such fees for services will not be paid directly by Clients' accounts but will be paid to Key by the Non-Proprietary Mutual Fund company or the Non-Proprietary Mutual Fund itself.

KIS has a financial incentive to recommend these mutual funds to Clients over mutual funds that don't make these payments. Individual KIS CAs do not directly receive any portion of these payments. The 12b-1 fees received by KIS and other fee arrangements will be disclosed upon Client request and are typically disclosed in the applicable fund's prospectus. KIS will credit or cause to be credited any 12b-1 fees that it may receive from a mutual fund in connection with a Client's wrap account back to the Client's wrap account. KIS will retain any other fee and that fee is in addition to the Advisory Product Fees discussed herein. For further information, Clients should carefully review their KIS Standard Advisory Contract and Client Agreement and the prospectus for the applicable mutual fund.

Pershing has entered into agreements with certain mutual fund companies that pay Pershing for performing certain services for the mutual fund. Pursuant to these agreements, Pershing receives fees for operational services from mutual funds in the form of networking or omnibus processing fees. The reimbursements are remitted to Pershing for its work on behalf of the funds. This work may include, but is not limited to, subaccounting services, dividend calculation and posting, accounting, reconciliation, Client confirmation and statement preparation and mailing and tax statement preparation and mailing. These reimbursements are based either on (a) a flat fee ranging from \$10 to \$20 per holding or (b) a percentage of assets that can range from 0 to 15 basis points for domestic funds and 0 to 30 basis points for offshore funds. Mutual funds that are available in Pershing's FundVest no-transaction fee mutual fund program may pay Pershing servicing fees in exchange for being offered in Pershing's FundVest Program ("FundVest Program"). These payments are based on a percentage of assets and can range from 7 to 40 basis points. KIS is entitled to receive certain asset-based revenue sharing fees from Pershing if assets under management in mutual funds in the FundVest Program from KIS's Clients exceed \$10,000,000. Such payment will be at the rate of 0.0040 multiplied by assets under management in funds participating in the FundVest Program. While KIS does not have discretion to invest in such funds, the additional compensation gives KIS a financial incentive to recommend funds participating in the FundVest Program over other funds.

In addition, Pershing will pay KIS for certain distribution assistance services regarding the money market fund(s) or bank-based money market account(s) held in a Client's underlying brokerage account as sweep options. This fee varies depending on the type of fund held and the average fund balance held by Clients. The fee varies from 0.15% to 0.65% of the average fund balances.

## Item 5: Account Requirements and Types of Clients

The following are the minimum investment dollars required to open and maintain an account:

<u>Account Type</u>	<u>Size</u>
Lockwood Investment Strategies	\$250,000
SMA Program	\$100,000
Lockwood Advisor <i>Flex</i> Portfolios	\$ 25,000
Key Managed Account	\$ 25,000
BlackRock Program I	\$ 25,000
Calvert Program	\$ 25,000
Alpha Simplex Program	\$ 25,000
Loring Ward Program	\$ 25,000
EMA Program	\$ 25,000
Russell Program II	\$ 25,000
JP Morgan Program I	\$ 25,000
JP Morgan Program II	\$ 25,000
Lockwood American Funds Program	\$ 10,000
WealthStart Program	\$ 10,000
Russell Program I	\$ 10,000
Vanguard Program	\$ 10,000
BlackRock Program II	\$ 10,000
BlackRock Program III	\$ 10,000
WisdomTree Program	\$ 10,000
Key Program	\$ 10,000

KIS provides Wrap Programs to individuals, trusts, estates, and small businesses. Please read carefully Lockwood's Form ADV Part 2A for information about Lockwood's clients. Please read carefully Envestnet's Form ADV Part 2A for information about Envestnet's clients.

## Item 6: Portfolio Manager Selection and Evaluation

As described in Item 4, KIS is a Wrap Program Sponsor by which it provides access to certain investment advisory products including: 1) the programs offered through Lockwood (i.e., the LIS and AFP Products, the Russell Programs, the BlackRock Programs, the WealthStart Program, the Calvert Program, the Loring Ward Program, the Vanguard Program, the AlphaSimplex Program, the JP Morgan Programs, the Lockwood American Funds Program and the SMA Program, and 2) the programs offered through Envestnet (i.e., the KMA program offering uniform managed account model portfolios managed by Envestnet and the EMA Program and WisdomTree Program offering model strategies.)

Lockwood is the third-party Money Manager of WealthStart, LIS and AFP. Lockwood is the discretionary money manager with respect to covered SMA managers on Lockwood's SMA platform, including the Key Program. Lockwood selects, reviews and replaces the investment vehicles and sub-managers for the WealthStart, Lockwood American Funds, LIS and AFP products and the SMA Program. According to Lockwood's Form ADV Part 2A, the Manager Research Group of BNY Mellon ("BYNMMRG") is the primary manager research provider to and provides manager and investment vehicle research to Lockwood. Lockwood is an indirect, wholly-owned subsidiary of BNY Mellon. Lockwood retains decision-making responsibility regarding managers and investment vehicles included in its programs and products. According to information in Lockwood's Form ADV Part 2A, Lockwood considers various sources of

information and criteria in selecting and the ongoing evaluation of investment vehicles and sub-managers for its wrap products and programs, which include WealthStart, LIS and AFP. According to Lockwood's Form ADV Part 2A, with respect to portfolio managers and model managers, Lockwood, through BYNMMRG, may consider a variety of criteria such as reviews of assets under management, personnel, registration, disclosures and regulatory history. The criteria employed for each manager may not be identical and instead may be based on the nature of the manager's portfolios and investment philosophy.

According to Lockwood's Form ADV Part 2A, Lockwood, through BYNMMRG, uses a screening process to evaluate mutual funds. According to Lockwood's Form ADV Part 2A, criteria employed in the screening process may vary depending on a variety of factors, but may include a range of criteria including analysis of:

- Particular investment style;
- Evaluation of the portfolio management team;
- Performance criteria; and
- Costs associated with the fund.

According to Lockwood's Form ADV Part 2A, Lockwood, through BYNMMRG, uses a comparable screening process to evaluate ETFs, and may consider a range of factors including:

- Tracked index or benchmark;
- Performance;
- Comparables;
- Personnel; and
- Content of the particular ETF.

Clients should read carefully Lockwood's Form ADV Part 2A for required disclosures concerning WealthStart, Lockwood American Funds, LIS, AFP, and the SMA Program including with respect to Lockwood's investment vehicle and sub-manager selection and evaluation process and potential conflicts of interest created by Lockwood's use of the BYNMMRG.

KIS utilizes a monitoring program, which is administered by an Investment Advisory Sub-Committee to its Product Due Diligence Committee as set forth in Item 4, to evaluate its third-party service providers participating in KIS' Wrap Programs. KIS utilizes various analysts, some of whom may be third party firms and its affiliated bank, KeyBank National Association, to assist in the review of the analysis performed and supplied by Lockwood regarding its review of the WealthStart, Lockwood American Funds, LIS and AFP Advisory Products. The Investment Advisory Sub-Committee reviews annually the performance of Lockwood as Money Manager of WealthStart, Lockwood American Funds, LIS and AFP. This review considers a combination of factors based on aggregated or summary information to evaluate Lockwood's overall management and selection of investment vehicles and sub-managers within the WealthStart, Lockwood American Funds, LIS, AFP and SMA Program products, including details regarding performance consistency and performance relative to peers, among other factors.

KIS, through Lockwood, engages KeyBank to structure the Key Models used in the Key Program. KeyBank selects, reviews and replaces securities and other investments comprising the Key Models. Lockwood will review and replace mutual funds and other investments comprising the Key Models as directed by KeyBank. Lockwood does not conduct investment due diligence on the Key Models or KeyBank, and Lockwood is not responsible for the selection of the underlying investment vehicles in the Key Models. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviewed the Key Models for general suitability for its Clients and reviews and monitors KeyBank, the Key Models comprising its Key Program and Lockwood for their performance in the same manner as described in Item

4 with respect to Lockwood and Envestnet. KIS uses a third-party due diligence adviser to review KeyBank and its Key Models to avoid any conflict of interest it may have in approving the use of its affiliated bank's models as part of its investment advisory business. For additional information concerning the Key Program, please see Lockwood's Form ADV Part 2A.

KIS, through Lockwood, engages RIMCo to structure the Models used in the Russell Program I and Russell Program II. RIMCo selects, reviews and replaces Russell Fund mutual funds comprising the Russell Models. Lockwood will review and replace mutual funds comprising the Russell Models as directed by RIMCo. Lockwood does not conduct investment due diligence on the Russell Models or RIMCo, and Lockwood is not responsible for the selection of the underlying investment vehicles in the Russell Models. Lockwood has represented and warranted to KIS that Lockwood has verified RIMCo's status as a registered investment adviser prior to making the Russell Program available, including review of RIMCo's Form ADV Part 1 and 2 filings, and Lockwood requires RIMCo to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the Russell Models for general suitability for its Clients and reviews and monitors RIMCo, the Russell Models, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information, concerning Russell Programs, please see Lockwood's and RIMCo's respective Form ADV Part 2A.

KIS through Lockwood engages VAI to structure the Vanguard Models used in the Vanguard Program. VAI selects, reviews and replaces mutual funds and/or exchange-traded funds comprising the Vanguard Models. Lockwood will review and replace mutual funds and/or exchange-traded funds comprising the Vanguard Models as directed by VAI. Lockwood does not conduct investment due diligence on the Vanguard Models or VAI, and Lockwood is not responsible for the selection of the underlying investment vehicles in the Vanguard Models. Lockwood has represented and warranted to KIS that Lockwood has verified VAI's status as a registered investment adviser prior to making the Vanguard Program available, including review of VAI's Form ADV Part 1 and 2 filings, and Lockwood requires VAI to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the Vanguard Models for general suitability for its Clients and reviews and monitors VAI, the Vanguard Models comprising its Vanguard Program, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information, concerning Vanguard Program, please see Lockwood's and VAI's respective Form ADV Part 2A.

KIS, through Lockwood, engages BIM to structure the BlackRock Program I Models and BlackRock Program II Models (collectively, the "BlackRock Models") of the BlackRock Program I and BlackRock Program II (collectively, the "BlackRock Programs"). BIM selects, reviews and replaces BlackRock Funds comprising the BlackRock Models. Lockwood reviews and replaces the BlackRock Funds comprising the BlackRock Models as directed by BIM. Lockwood does not conduct investment due diligence on the BlackRock Models or BIM, and Lockwood is not responsible for the selection of the underlying BlackRock Funds in the BlackRock Models. Lockwood has represented and warranted to KIS that Lockwood has verified BIM's status as a registered investment adviser prior to making the BlackRock Programs available, including review of BIM's Form ADV Part 1 and 2 filings, and Lockwood requires BIM to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the BlackRock Models for general suitability for its Clients and reviews and monitors BIM, the BlackRock Models comprising its BlackRock Programs, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information concerning BlackRock Program, please see Lockwood's and BIM's respective Form ADV Part 2A.

KIS, through Lockwood, engages ASG to structure the AlphaSimplex Models comprising the AlphaSimplex Program. ASG selects, reviews and replaces securities and other investments comprising

the AlphaSimplex Models. Lockwood reviews and replaces mutual funds and other investments comprising the AlphaSimplex Models as directed by ASG. Lockwood does not conduct investment due diligence on the AlphaSimplex Models or ASG, and Lockwood is not responsible for the selection of the underlying investment vehicles in the AlphaSimplex Models. Lockwood has represented and warranted to KIS that Lockwood has verified ASG's status as a registered investment adviser prior to making the Alpha Simplex Program available, including review of ASG's Form ADV Part 1 and 2 filings, and Lockwood requires ASG to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the AlphaSimplex Models for general suitability for its Clients and reviews and monitors ASG, the AlphaSimplex Models comprising its AlphaSimplex Program, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information concerning AlphaSimplex Program, please see Lockwood's and ASG's respective Form ADV Part 2A.

KIS, through Lockwood, engages Calvert to structure the Calvert Models comprising the Calvert Program. Calvert selects, reviews and replaces mutual funds comprising the Calvert Models. Lockwood reviews and replaces mutual funds comprising the Calvert Models as directed by Calvert. Lockwood does not conduct investment due diligence on the Calvert Models or Calvert, and Lockwood is not responsible for the selection of the underlying investment vehicles in the Calvert Models. Lockwood has represented and warranted to KIS that Lockwood has verified Calvert's status as a registered investment adviser prior to making the Calvert Program available, including review of Calvert's Form ADV Part 1 and 2 filings, and Lockwood requires Calvert to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the Calvert Models for general suitability for its Clients and reviews and monitors Calvert, the Calvert Models comprising its Calvert Program, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information, concerning the Calvert Program, please see Lockwood's and Calvert's respective Form ADV Part 2A.

KIS, through Lockwood, engages LW to structure the Loring Ward Models comprising the Loring Ward Program. LW selects, reviews and replaces mutual funds comprising the Loring Ward Models. Lockwood reviews and replaces mutual funds comprising the Loring Ward Models as directed by LW. Lockwood does not conduct investment due diligence on the Loring Ward Models or LW, and Lockwood is not responsible for the selection of the underlying investment vehicles in the Loring Ward Models. Lockwood has represented and warranted to KIS that Lockwood has verified LW's status as a registered investment adviser prior to making the Loring Ward Program available, including review of LW's Form ADV Part 1 and 2 filings, and Lockwood requires LW to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the Loring Ward Models for general suitability for its Clients and reviews and monitors LW, the Loring Ward Models comprising its Loring Ward Program, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information, concerning the Loring Ward Program, please see Lockwood's and LW's respective Form ADV Part 2A.

KIS, through Lockwood, engages JPAM to structure the JP Morgan Program I Models and JP Morgan Program II Models (collectively, the "JP Morgan Models") comprising the JP Morgan Program I and JP Morgan Program II, respectively (collectively, the "JP Morgan Programs"). JPAM selects, reviews and replaces mutual funds and exchange-traded funds comprising the JP Morgan Models. Lockwood will review and replace mutual funds and exchange-traded funds comprising the JP Morgan Models as directed by JPAM. Lockwood does not conduct investment due diligence on the JP Morgan Models or JPAM, and Lockwood is not responsible for the selection of the underlying investment vehicles in the JP Morgan Models. Lockwood has represented and warranted to KIS that Lockwood has verified JPAM's status as a registered investment adviser prior to making the JP Morgan Programs available, including review of JPAM's Form ADV Part 1 and 2 filings, and Lockwood requires JPAM to complete a compliance due

diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the JP Morgan Models for general suitability for its Clients and reviews and monitors JPAM, the JP Morgan Models comprising the JP Morgan Programs, and Lockwood for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information, concerning the JP Morgan Programs, please see Lockwood's and JPAM's respective Form ADV Part 2A.

With respect to Envestnet and the KMA program, KIS engaged Envestnet to create the 14 model portfolios into which a KMA Client may invest. Envestnet selects, reviews and replaces mutual funds and ETFs comprising the KMA model portfolios. According to Envestnet's Form ADV Part 2A, Envestnet utilizes a proprietary research methodology and considers various sources of information and criteria in selecting and reviewing participating mutual funds and ETFs, which may include some combination of the following:

- Historical performance;
- Investment philosophy;
- Investment style;
- Historical volatility;
- Correlation across asset classes;
- Manager Form ADV part 2 disclosure events;
- Portfolio holdings; and
- With respect to ETFs, Envestnet may consider such factors as tracking, liquidity and cost performance.

For additional information please see Envestnet's Form ADV Part 2A.

KIS, through Envestnet, engaged EMA to create the 15 EMA Models comprising the EMA Program. EMA selects, reviews and replaces the ETFs comprising the EMA Models. Envestnet, as overlay manager, reviews and replaces ETFs comprising the EMA Models as directed by EMA using the criteria set forth above. Envestnet does not conduct investment due diligence on the EMA Models or EMA, and Envestnet is not responsible for the selection of the underlying investment vehicles in the EMA Models. Envestnet has represented and warranted to KIS that Envestnet has verified EMA's status as a registered investment advisor prior to making the EMA Program available, including review of EMA's Form ADV Part 1 and 2 filings, and Envestnet requires EMA to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the EMA Models for general suitability for its Clients and reviews and monitors EMA, the EMA Models comprising its EMA Program, and Envestnet for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet. For additional information please see Envestnet's and EMA's respective Form ADV Part 2A.

KIS, through Envestnet, engaged WisdomTree to create the three (3) WisdomTree Models comprising the WisdomTree Program. WisdomTree selects, reviews and replaces mutual funds or ETFs comprising the WisdomTree Models. Envestnet, as overlay manager, reviews and replaces mutual funds and/or ETFs comprising the WisdomTree Models as directed by WisdomTree in consultation with IQCIO using the criteria set forth in the paragraph above concerning Envestnet and KMA. Envestnet does not conduct investment due diligence on the WisdomTree Models or WisdomTree, and Envestnet is not responsible for the selection of the underlying investment vehicles in the WisdomTree Models. Envestnet has represented and warranted to KIS that Envestnet has verified WisdomTree's and IQCIO's respective status as a registered investment advisor prior to making the WisdomTree Program available, including review of WisdomTree's and IQCIO's respective Form ADV Part 1 and 2 filings, and Envestnet requires WisdomTree and IQCIO to complete a compliance due diligence questionnaire on an annual basis. KIS, through its Investment Advisory Sub-Committee of its Product Due Diligence Committee, reviews the



WisdomTree Models for general suitability for its Clients and reviews and monitors WisdomTree, IQCIO, the WisdomTree Models comprising the WisdomTree Program, and Envestnet for their performance in the same manner as described in Item 4 with respect to Lockwood and Envestnet.

In addition to the initial selection and ongoing review of mutual funds and exchange traded funds by Envestnet, KIS' Product Due Diligence Committee, through KIS' Investment Advisory Sub-Committee, also reviews and monitors Envestnet as a third-party service provider with respect to the KMA program, EMA Program and WisdomTree Program in the same manner as described above in Item 4 and with respect to Lockwood.

In addition, KIS's monitoring program for its Wrap Program requires its CAs to meet regularly, no less than annually and more frequently as circumstances warrant, with Clients to review performance of their accounts, conduct a suitability analysis of investments, verify and confirm risk tolerance with the Client, address diversification and risk issues attendant to certain investments, make any necessary adjustments to the account based on the changes to the Client's financial situation, and evaluate with Clients whether portfolio managers remain suitable for the Client or should be adjusted. For additional information regarding Review of Accounts, please see Item 9(4).

Lockwood, Dreyfus and Promontory are affiliated with Pershing. This could result in conflicts of interest where one firm hires an affiliate as a portfolio manager or other service provider. For further information, please read carefully Lockwood's Form ADV Part 2A and the Dreyfus Insured Deposit Program Disclosure Statement and Terms and Conditions for Single Rate Program, either of which is supplied at account opening or is available on request from a Client's CA. Lockwood, Promontory, Dreyfus and Pershing are not affiliated with KIS.

Certain Investment Managers or sub-managers may, as part of their independent trading strategies, purchase securities issued by KeyCorp or may purchase securities through or securities underwritten by KeyBanc Capital Markets, Inc., KIS's corporate parent company, and in Lockwood Investment Strategies, the SMA or other programs. KIS and its CAs:

- do not exercise discretion over these programs;
- do not require, encourage, or have advance notice of or coordinate with Lockwood, Envestnet, or any other Investment Manager to purchase affiliated securities, to purchase securities through a KIS affiliate, or to purchase securities underwritten by a KIS affiliate; or
- do not receive compensation in the event an Investment Manager was to purchase such securities.

Nevertheless, the benefits to KIS's parent and holding company from the purchase of securities issued by, through or underwritten by such entities may create a potential conflict of interest.

Lockwood is an indirect, wholly owned subsidiary of BNY Mellon. According to Lockwood's Form ADV Part 2A brochure, Vanguard Group, Inc. and BlackRock Fund Advisers (affiliates of VAI and BIM, respectively) are two of the top ten institutional owners of BNY Mellon common stock. The BNY Mellon stock holdings by the parents of VAI and BIM and other fund managers participating in the KIS advisory program, may create a conflict of interest by incenting Lockwood to include these managers and their affiliated investment managers or their products in Lockwood's managed account program. Lockwood represents in its Form ADV Part 2A that the holdings of its parent's shares by Vanguard Group and BlackRock Fund Advisers did not and does not affect Lockwood's decision to include these managers and their affiliated investment managers or their products in Lockwood's managed account program, and that these managers and their products are subject to Lockwood's due diligence. For further information, please see Lockwood's Form ADV Part 2A.

Envestnet also has affiliated companies, although Envestnet does not contemplate using any affiliated service providers to carry out its duties under the WisdomTree Program, KMA program or the EMA Program. Should Envestnet determine to use an affiliated company for the provision of services under the WisdomTree, KMA or EMA, this could result in conflicts of interest such as where Envestnet hires an affiliate as a fund manager or other service provider. For further information, please read carefully Envestnet's Form ADV Part 2A.

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

Privacy is an important issue. KeyCorp's Privacy Policy is initially given to the Client upon the opening of an account and is subsequently provided at least annually thereafter and upon request to KIS advisory Clients. KIS solicits information concerning a Client's name, address, financial situation, investment experience, tax status, tax reporting information and other personal non-public information. KIS will ask for this prior to recommending a wrap account and on an annual basis thereafter. KIS will provide that information to participating third-party service providers so that they may service the Client's account. The third-party service provider may then provide it to the portfolio manager, if any, for account servicing purposes. Please review Lockwood's Form ADV Part 2A for further information on this item with respect to Lockwood advisory products and Envestnet's Form ADV Part 2A for further information on this item with respect to Envestnet advisory products. For KIS SMA Program Clients, please also review your selected Investment Manager(s) Form ADV Part 2A for further information. In addition, KIS will also provide such Client information to Pershing or other service providers as necessary in connection with the performance of services for Client accounts.

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

Clients should first contact their KIS CA for the CA to arrange a direct consultation between the Client and Lockwood and/or Envestnet, as the case may be. For further information on contacting portfolio managers, please read carefully Lockwood's Form ADV Part 2A and Envestnet's Form ADV Part 2A, as applicable.

## **Item 9: Additional Information**

### **(1) Disciplinary Information**

On December 5, 2019, KIS entered into a Letter of Acceptance, Waiver and Consent ("AWC") to conclude an investigation by the Financial Industry Regulatory Authority, Inc. ("FINRA") with respect to the firm's broker-dealer operations. Without admitting or denying the findings, KIS consented to: a censure; a fine of \$425,000; restitution to certain customers of \$589,221.66; disgorgement to certain customers of \$134,169.40; and certify within 120 days in writing to FINRA that it has implemented supervisory systems and written supervisory procedures reasonably designed to address each of the areas of conduct identified. The findings stated among other things that: (1) between November 2010 and June 2014, KIS failed to establish and maintain supervisory systems and procedures that were reasonably designed to achieve compliance with its suitability obligations when recommending certain unit investment trusts ("UIT") which invested in leveraged closed-end funds, including to provide reasonable guidance or training to its registered representatives and supervisors about the potential risks and volatility of these products; although the firm manually reviewed these transactions, it failed to identify or follow up on red flags in approximately 100 recommended purchases of UITs that raised suitability concerns due to the customers' risk tolerance and investment profile; and, the firm has since undertaken significant efforts to address the supervisory and operational issues that FINRA raised during its investigation, including independently retaining compliance and product consultants; (2) between July 2012 and June 2014, KIS failed to enforce its supervisory

procedures that required the collection and documentation of customer-specific suitability factors on account update forms when making new recommendations of securities to existing customers; and the firm addressed the issue by authorizing registered representatives to enter account update information directly into the firm's system with confirmations sent to the customers, and among other things, by blocking newly solicited trades until the account update form had been obtained or the information had been otherwise entered into the system; and (3) between November 2010 and October 2013, KIS provided inaccurate information to customers in approximately 189 switch disclosure letters ("SDL") regarding the sales charges, costs, and expenses of the UITs; although the firm also provided the customers a copy of the prospectus for the UITs which included a fee table, the inaccurate information on the SDL potentially confused certain customers by making switching into the new UIT appear more financially advantageous; the firm's compliance department identified through its surveillance that SDLs were not always disclosing completely or accurately the fees on UIT switches, it issued guidance to its sales force including regarding the calculation of fees which reduced but did not eliminate the exception rates previously identified; and the firm corrected the problem when it eliminated the manual estimation and transcription of sales charges and/or expenses and instead attached to the SDL a copy of the fee table from the UIT prospectus.

On January 27, 2016, KIS entered into an AWC to conclude an investigation by FINRA. Without admitting or denying FINRA's findings, KIS consented to a censure, a fine of \$100,000, restitution of \$100,247.02, and to FINRA's findings that KIS in its broker-dealer operations failed to identify and apply sales charge discounts to certain customers' eligible purchases of UITs resulting in customers paying excessive sales charges of approximately \$95,254.34. The findings stated that KIS had already paid restitution to all affected customers in addition to interest of \$4,992.68. The findings also stated with respect to price discounts for UIT rollover transactions that KIS failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed so that customers received rollover discounts on all eligible UIT purchases.

## **(2) Other Financial Industry Activities and Affiliations**

KIS is an indirect wholly-owned subsidiary of KeyCorp, one of the nation's largest bank holding companies. KeyCorp owns KIS's parent corporation, KeyBanc Capital Markets Inc. ("Key Capital Markets") Key Capital Markets is a SEC-registered broker-dealer and FINRA member and, since July 1, 2019, has been KIS's direct parent corporation. Key Capital Markets provides brokerage services to institutional clients and investment banking services, and provides operational, financial, and compliance services to KIS. It does not provide brokerage or investment management services to KIS, but it may provide such services to certain managers or sub-managers in KIS's advisory program and it may be an underwriter of certain securities held in certain wrap products which KIS makes available to its clients.

KIS is an introducing broker-dealer registered with the SEC, a member of FINRA, and regulated by various other state regulatory bodies. As a broker-dealer, KIS provides a variety of brokerage services and may render advice as to the value and/or advisability of purchasing or selling securities, without receiving special compensation and solely incidental to the conduct of its business as a broker-dealer.

KIS, as a SEC-registered investment adviser, also provides advisory services through the programs as described in this brochure.

KIS CAs may also act as insurance agents in connection with the sale of insurance products that are available through KeyCorp Insurance Agency USA Inc., an affiliated insurance agency. KIS CAs may recommend the purchase of insurance products to Clients and may receive commissions in connection with such purchases.

Certain of KIS's affiliates also provide investment banking, foreign exchange, interest rate risk and equity risk management services and equity and fixed income proprietary research. Various affiliates of KIS sponsor investment-related limited partnerships and limited liability companies and serve as general partner

and manager, respectively, of such entities. KIS generally does not recommend that its advisory Clients invest in these entities and has no arrangements that are material to its advisory business or its Clients with any of these entities, or with their affiliated sponsors with respect to such entities.

KeyCorp's bank and trust company subsidiaries offer personal and corporate trust services, personal financial services, access to mutual funds, cash management services, investment banking and capital markets products, and international banking services. Through its bank, trust company and registered investment subsidiaries, KeyCorp provides investment management services to Clients that include large corporate and public retirement plans, foundations and endowments, high net worth individuals and Taft-Hartley plans. In addition, KeyCorp's national banking subsidiary, KeyBank National Association, is a registered municipal advisor. KeyBank provides certain investment due diligence and analysis, adviser support, new product, trading, investment operations and other investment related services to KIS. It also provides certain shared services to KIS including real estate services, payroll and other services.

### **(3) Code of Ethics**

KIS has adopted an Investment Advisory Code of Ethics that governs the activities of KIS supervised personnel, which requires KIS and its CAs to exercise their fiduciary duty to Clients, to act in the best interest of the Client and always place the Client's interests first and foremost. KIS takes seriously its compliance and regulatory obligations and requires all KIS personnel to comply with such rules and regulations, as well as with KIS' policies and procedures and Code of Ethics.

Further, KIS strives to handle Clients' non-public information in such a way to protect such information from falling into hands that have no business reason to know such information and provides Clients with KeyCorp's Privacy Policy.

The Code of Ethics contains provisions for standards of business conduct to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, reporting requirements for Code of Ethics violations, and the safeguarding of material non-public information about Client transactions. Further, KIS' Code of Ethics establishes KIS' expectation for business conduct.

KIS' Code of Ethics is distributed to each KIS employee at the time of hire/contract, and as the Code is modified. In addition, KIS requires an annual certification by all employees regarding their understanding and compliance with the Code of Ethics. KIS also supplements the Code with annual training and on-going monitoring of employee activity.

KIS's employees also are required to adhere to KeyCorp's Code of Business Conduct and Ethics. All employees must acknowledge the terms of both Codes, as amended, annually.

A copy of KIS's Code of Ethics will be provided to any Client or prospective Client upon request to our Compliance Department at 1-888-547-2968.

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

KIS CAs are registered representatives with KIS and must execute securities transactions through KIS, unless CAs obtain authorization to execute securities transactions through another broker-dealer.

Related persons of KIS (i.e., any advisory affiliate and any person that is under common control with KIS) can buy or sell securities identical to those securities recommended by KIS CAs to Clients. Therefore, related persons will have an interest or position in certain securities that are also recommended and bought or sold to Clients. The policy of KIS is that related persons shall not put their interests before a Client's interest. CAs may not trade ahead of their Clients or trade in such a way to obtain a better price for themselves than for their Clients. KIS is required to maintain a list of all securities holdings for its

associated persons. Further, associated persons are prohibited from trading on non-public information or sharing such information. KIS and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

In accordance with Section 204A of the Investment Advisers Act of 1940, KIS also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of non-public information by KIS or any person associated with KIS. Further, the Code of Ethics contains prohibitions against such transactions.

No KIS advisor or related person is permitted to recommend securities to advisory accounts or buy or sell securities for advisory accounts at or about the same time that the advisor or related person buys or sells the same securities for the adviser's own or related person's account.

KIS requires that all registered employees' brokerage accounts be held at KIS. If an employee cannot obtain needed services at KIS, it requires copies of all brokerage statements be provided to it directly from the third-party broker.

#### **(4) Review of Accounts**

As set forth in Item 4, KIS has established an Investment Advisory Sub-Committee of senior KIS managers to review third party service providers and their advisory products on an annual basis to ensure general suitability and that the respective Advisory Product's investment performance is appropriate. Your KIS CA will review your account annually with you to ensure that it is still a suitable investment for you.

In addition, before a wrap fee account is recommended, the KIS CA makes reasonable efforts to obtain information about the Client's financial status, investment objectives, trading history, size of portfolio, nature of securities held and account diversification. Based on these factors and any other relevant information, the CA considers whether the account recommended is appropriate considering the services provided, the projected cost to the Client, alternative fee structures that may be available, and the Client's fee structure preferences. Continued suitability is monitored annually with the Client based on the initial factors set forth previously and any new information received concerning the Client's financial situation. Clients are urged to contact their KIS CA if any significant change in their financial situation occurs so that their plan may be reviewed.

Generally, for each month in which there is activity in a Client's account, or, if there is no activity, on a quarterly basis, Clients receive, through Pershing, a written account statement which includes, among other information, a summary of transactions and an inventory of holdings. Lockwood and Envestnet may also make available quarterly performance statements of Client accounts detailing account performance, securities positions, and investment activity to KIS and its CAs. The quarterly performance statements are intended to provide KIS and its CAs with sufficient information to determine whether the investment managers are performing in accordance with certain objective standards, such as a comparison of a Client's account performance with the performance of a relevant index, other investment managers with investment objectives similar to the Client's account, and other factors as KIS may deem appropriate. The quarterly performance statement data may be based upon information obtained from third parties. The data contained in those statements is not verified by KIS. Clients also receive brokerage confirmations unless this option is waived by the Client.

Lockwood, Envestnet and other Investment Managers monitor and review their Clients' accounts pursuant to their own compliance and supervisory systems of account review. Please read carefully Envestnet's Form ADV Part 2A and Lockwood's Form ADV Part 2A, as applicable. For KIS SMA Program Clients, please also review your selected Investment Manager(s) Form ADV Part 2A for further information.

## **(5) Client Referrals and Other Compensation**

KIS does not pay referral fees to any third party that is not supervised by it. Certain compensation plans which its affiliate, KeyBank, sponsors are discretionary bonus plans. Revenues from KIS may be one of several factors (most of which are not based on the revenues generated by securities transactions) that determine the amount of the bonus under such discretionary bonus plans. KIS's revenue may be higher as a result of a referral from a non-supervised banker and thus might affect the payout to that banker. However, referrals by a non-supervised banker may not be considered in determining bonus payments.

## **(6) Financial Information**

KIS does not require its Clients to pre-pay more than \$1,200 in fees per Client six months in advance.

KIS is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to Clients.

KIS has never filed or been the subject of a bankruptcy petition.