

Firm Brochure (Part 2A of Form ADV)  
March 31, 2021

## **AMP WEALTH MANAGEMENT**

421 East Silver Spring Drive, Suite 3  
Whitefish Bay, WI 53217  
(414) 332-1011

[www.ampinvestment.com](http://www.ampinvestment.com)

**This brochure provides information about the qualifications and business practices of AMP Wealth Management. If you have any questions about the contents of this brochure, please contact us at (414) 332-1011. 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. Registration of an adviser with the SEC does not imply a certain level of skill or training.**

**Additional information about AMP Wealth Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 - Material Changes**

This Item 2 – Material Changes discusses only specific material changes that have been made to the brochure and provides clients with a summary of such changes. There have been no material changes to this brochure since the last annual update in March 2020.

We will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Given the nature of these changes, we are providing the entire brochure to you free of charge. A copy of the brochure may be requested at any time, without charge, by contacting AMP Wealth Management at (414) 332-1011. Additional information about AMP is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 3 - Table of Contents**

**Table of Contents**

	<b>Page</b>
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	6
Item 6 - Performance-Based Fees and Side-By-Side Management.....	7
Item 7 - Types of Clients .....	7
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 - Disciplinary Information .....	121
Item 10 - Other Financial Industry Activities and Affiliations.....	12
Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading .....	12
Item 12 - Brokerage Practices.....	143
Item 13 - Review of Accounts .....	177
Item 14 - Client Referrals and Other Compensation .....	187
Item 15 - Custody.....	17
Item 16 - Investment Discretion .....	18
Item 17 - Voting Client Securities .....	18
Item 18 - Financial Information.....	18
Item 19 - Additional Information.....	18

#### **Item 4 - Advisory Business**

AMP Wealth Management (“AMP” or “we”), founded in 1994, offers investment management services to clients primarily through model portfolios and collective investment funds offered by financial advisors, broker dealers, registered investment advisory firms, trust companies and platforms. Dr. Jerome Mahalick is the chief executive officer and principal owner of AMP.

##### *Discretionary and Non-Discretionary Investment Services*

AMP provides investment advisory services on a discretionary basis. We make all investment decisions in our strategies when we deem appropriate and without prior consultation with the client to buy, sell, exchange, convert and otherwise trade in open-end mutual funds, exchange-traded funds (“ETFs”), closed-end mutual funds (collectively referred to as “funds”); stocks, bonds, other securities and other financial instruments.

AMP provides discretionary investment services and asset management services, whereby AMP manages investment portfolios broadly used by clientele of another financial institution but does not interact directly with the underlying client. For asset management services provided, the client works directly with a representative of the financial institution rather than AMP.

From a non-discretionary standpoint, AMP provides model portfolios to certain intermediaries it has contracted with and it is entirely up to the intermediary to implement the changes to the AMP models that are provided. Additionally, AMP provides investment oversight services to certain institutional clientele who want to maintain discretion.

As of December 31, 2020, AMP managed approximately \$453 million in assets under management (\$267 million on a discretionary basis and \$186 million on a non-discretionary basis).

##### *Investment Management Strategies Offered*

AMP offers managed strategies for client investment. These strategies include:

- Rising Dividend – a dividend focused, value based individual equity portfolio
- Income Generating – a yield focused conservative allocation strategy
- Quantfolio Strategies – risk-based fund of fund strategies
- Adaptively Managed Portfolios – risk-based models built by blending the Rising Dividend and Conservative Quantfolio strategies
- IERetire – an equity-based income strategy
- Tandem Series Models – risk-based models created by blending the Rising Dividend and Income Generating Strategies

##### *Model Portfolio Services*

We may be retained by investment advisers, investment boards or other financial institutions (each a “Financial Institution” and, collectively, “Financial Institutions”) to provide a model portfolio to be used by the Financial Institution in the management of its client accounts (“Model Portfolio

Services”). Our model portfolio follows the investment process and holdings of the AMP strategies managed for direct clients. AMP provides the Financial Institution with updated information as we purchase or sell securities for the strategies and provides this information to the Financial Institution at or near the same time AMP updates its own directly managed accounts. Under Model Portfolio Services arrangements, the Financial Institution maintains investment discretion for its client accounts and is responsible for placing the trades in each of the client accounts utilizing an AMP strategy. The Financial Institution may purchase and sell securities at the same time, prior to, or after AMP purchases and sells those securities within the corresponding strategy. While the resulting activity could have a positive or negative impact on AMP’s ability to execute trades for AMP’s clients, the securities recommended as part of AMP’s Model Portfolio Services are generally liquid in nature. As such, AMP believes the impact (positive or negative) on client portfolios should be nominal under normal market conditions.

#### *Investment Oversight Services*

AMP also provides investment oversight services, in a fiduciary capacity, to foundations, family offices and high net worth individuals. Under these types of arrangements, AMP is engaged to provide investment analysis and recommendations to the investment of board of the respective organization.

#### *Sub-Advisory Services*

AMP also serves as a sub-adviser to collective investment funds, trusts, other investment advisers, investment boards or other financial institutions to create and maintain our strategies to be used in the management of the accounts for clients of these financial institutions (“Sub-Advisory Services”). Under sub-advisory arrangements, AMP is engaged to act as discretionary investment manager and we have discretionary authority to execute all transactions for the strategies we are hired to sub-advise. Each sub-advisory arrangement will be covered by a separate sub-advisory agreement outlining the terms of the services to be offered and fees to be paid.

#### *Referred Client Services*

AMP provides services to individual clients (“Referred Clients”). Referred Clients engage AMP through an unaffiliated investment adviser (“Relationship Manager”) which receives a solicitation fee from AMP for this referral (see Item 14 – Client Referrals and Other Compensation for a description of this solicitation arrangement). The Relationship Manager is responsible for all client relationship matters, including obtaining financial information, determining goals and objectives, determining the suitability of the client’s investment within the applicable AMP strategy, and maintaining contact with the client. AMP is responsible for managing the applicable strategy and effecting trades as appropriate within the client’s account. As such, while AMP retains discretionary trading authority over these accounts, AMP generally does not interact directly with such Referred Clients.

#### *Services to Retirement and Pension Plans*

AMP provides investment and/or advisory services to qualified retirement and pension plans. AMP sub-advises the Rising Dividend and Income Generating Strategies in collective investment

funds offered by Alta Trust Company. Additionally, AMP makes managed models available through the Model Exchange platform at Mid-Atlantic Trust Company.

AMP also serves as an “overlay manager” to certain 403(b) plans maintained through Fidelity. Under these arrangements, AMP maintains base portfolios representing existing strategies noted above. Plan participants may select an AMP strategy in which to invest. AMP neither: 1) retains discretionary authority under these arrangements; nor 2) interacts with underlying plan participants.

## **Item 5 - Fees and Compensation**

### *General Fee Information*

AMP charges fees for services provided.

AMP charges a standard investment management fee of 0.80% maximum for the Income Generating strategy, 0.50% maximum for all other strategies for discretionary investment management services provided.

AMP reserves the right, at its own discretion, to negotiate fees directly with each client based on account size or other considerations as determined by AMP. The total fee charged will be outlined in the agreement executed by the client prior to having AMP provide any services.

AMP offers investment only options for retirement plans delivered through managed models on Mid-Atlantic Trust Company’s Model Exchange platform and collective investment funds sub-advised through Alta Trust Company ([www.trustalta.com/amp.php](http://www.trustalta.com/amp.php)). The maximum fee received for these services does not exceed 0.50% in the managed models and 0.60% in the collective investment funds. Additionally, AMP charges additional fees of up to 0.50% for providing participant education and advice.

The fee schedules set forth above are the current fees charged for AMP services. Over the years, AMP has had other fee schedules in effect, which may reflect fees that are lower or higher, as the case may be, than those shown above. Therefore, some clients may pay different fees than those shown above. In addition, AMP reserves the right to change the fees as the marketplace evolves and negotiate fees based on account size or other considerations. Each client should refer to their executed client agreement to determine the fees specifically applicable to their account(s).

Employees (including certain former employees) and certain of their immediate family members are not charged fees. In addition, certain founding Legacy Clients are not charged fees. AMP reserves the right to waive fees at its own discretion for select Legacy Clients going forward, depending upon the specific circumstances of the Legacy Client.

### *Method of Payment*

Our investment management fee is generally deducted quarterly in arrears from each individual client account. It is the client’s responsibility to verify the accuracy of the fee calculation submitted to the custodian by us. Fees are generally billed at the completion of a calendar quarter for the full or partial period based upon assets under management at the end of the period. Fees

are to be deducted within 30 days after the close of the quarter or partial period. A client may choose for AMP to bill the client directly for services provided.

#### *Other Fee Information*

AMP's fees do not include additional fees which are defined to include, but not limited to, brokerage commissions, trading or custodial fees. For more information on these types of fees, see Item 12 - Brokerage Practices, below. Moreover, clients whose assets are invested in funds (both mutual funds and ETFs) will be subject to the proportionate share of a fund's expenses, including the investment management fees to the fund's investment adviser. Please refer to the fund's prospectus for more information. Any additional fees that a client may incur in addition to the AMP fees as a result of retaining AMP to provide services are the sole responsibility of the client.

No commissions are paid to AMP or its employees for the sale of securities, including 12b-1 or service fees.

#### *Valuation Practices*

AMP uses market values provided by clients' custodians to determine fees and investment performance returns. In the unlikely event a client's custodian is not able to, or does not, provide a price for a security, AMP will identify a price via alternative sources deemed reliable, potentially including a third-party pricing vendor or an online source such as TradeWeb, Bloomberg, Yahoo or Google. In establishing such a price, AMP will seek to obtain a quote from at least one independent pricing source. If no such quotes are available, AMP will establish a fair valued price based on AMP's knowledge of any factor deemed relevant, including market conditions and knowledge of the security. Regardless of the process employed, AMP will strive to value the asset at the price it deems clients could reasonably be expected to receive upon sale of the asset.

AMP could encounter inherent conflicts of interest when it participates in the valuation of client accounts, as higher values of client holdings increase market values, thereby enhancing performance results and increasing fees. AMP maintains various policies, procedures and controls (including a valuation policy) to mitigate such conflicts of interest.

See Item 14 - Client Referrals and Other Compensation for a discussion of AMP's third-party solicitation arrangements, and Item 12 - Brokerage Practices for a discussion of AMP's brokerage practices.

### **Item 6 - Performance-Based Fees and Side-By-Side Management**

AMP does not charge any performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

### **Item 7 - Types of Clients**

AMP provides investment management services primarily to high net worth individuals, corporations, personal trusts and qualified retirement plans. AMP is also the sub-adviser to a collective investment fund created and administered by Alta Trust Company.

AMP does not impose a standardized minimum account size; however, AMP reserves the right to implement a minimum account size based upon the parameters set forth by any custodian, fund or platform where the strategies are offered. AMP may, in its discretion, accept clients that do not meet the minimums and charge additional quarterly fees to such plans and clients as described above. In such instances, any fees or minimums imposed beyond those described above will be mutually agreed upon in writing on an individual client basis in the client agreement.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

The EcoMatrix® is an analytical investment management tool used to evaluate market conditions. This proprietary resource provides a tool to evaluate investment conditions by analyzing multiple factors including economic data, stock market performance, and monetary policy. This information provides the means for us to modify our management strategies in an effort to minimize downside in a recessionary bear market and capture positive returns in a rising bull market.

### *Investment Strategies*

AMP investment strategies provide our clients with multiple investment strategy choices, depending on a client's financial goals and risk tolerance.

The AMP Rising Dividend Strategy is traditionally constructed of 30 to 50 individual equities that demonstrate consistent earnings and dividend growth.

The AMP Income Generating Strategy is a conservatively allocated strategy designed to provide an investor with a stable consistent income stream by investing in investment grade bonds, trust preferred securities and some dividend paying equities.

The AMP Quantfolios are a series of risk-based asset allocation portfolios characterized by broad diversification and tight risk control. The Quantfolio Strategies consist of various target allocations of equity and fixed income exposure to construct five risk-based strategies. It is possible for the Quantfolios to deviate from a neutral allocation and move to more opportunistic or defensive allocations in times of either positively or negatively identified economic opportunity.

The Adaptively Managed Portfolios (Formerly known as the Rising Dividend Series) are a series of five risk based strategies consisting of high-quality dividend paying equities paired with Exchange Traded Funds having holdings transparency, sufficient trading volume and low relative expense ratios to create allocations of various equity and fixed income exposure. It is possible for the Adaptively Managed Portfolios to deviate from a neutral allocation and move to more opportunistic or defensive allocations in times of either positively or negatively identified economic opportunity.

The IERetire strategy is an equity-based income strategy designed to provide for long term retirement spending with a high probability of not depleting retirement assets. The strategy allocates 3 years of planned spending to a reserve pool and invests the remaining assets in the AMP Rising Dividend strategy. As time goes by the reserve pool is replenished opportunistically when gain is achieved through a dynamic quarterly adjustment process.



The Tandem Series combines the Rising Dividend and Income Generating Collective Investment Funds for a set of risk-based strategies invested in a diversified group of individual securities for retirement plan clients.

*Risk of Loss*

Risk of loss is inherent in any investment in securities. Past performance does not guarantee future results, and there is no guarantee that investment objectives will be achieved. The following summary of risks to which the account may be subject is not intended to be a complete and comprehensive listing of all possible risks related to investing in general or to investing in AMP-specific strategies.

*COVID-19, Pandemics, Epidemics and Other Public Health Crises.* Pandemics, epidemics or other public health crises may periodically occur and adversely impact the firm, its clients and their investments. These events are beyond the control of the firm but may have a significant impact on client accounts/portfolios with respect to, among other things, liquidity and valuations of investments. The impact of a public health crisis such as the COVID-19 (or any future pandemic, epidemic or other outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of AMP and the investments made on behalf of clients. The outbreak of COVID-19 together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of a public health crises such as COVID-19 is difficult to predict, the outbreak of COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the outbreak of COVID-19 has already, and will continue to, adversely affect clients' investments and the some of the industries in which they operate. Furthermore, the firm's ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the clients' investment strategies and objectives, AMP's business and to satisfy its obligations to clients, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 (or any other disease, pandemic or epidemic) among the firm's personnel and its service providers would also significantly affect its ability to properly oversee and manage client accounts/portfolios (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of portfolio management activities or operations. Similar consequences could arise with respect to other infectious diseases. No assurance can be given as to the effect of any of these events on the value of clients' investments.

*Cybersecurity.* Information security concerns impact every user of the internet, and investment advisers such as AMP are no exception. While AMP recognizes the importance of protecting clients' personal information as well as the confidential and proprietary information of the firm and its employees, AMP cannot guarantee the protection of all such information, nor can AMP

assure against all related losses in consideration of the real and evolving cybersecurity risks in existence (now or in the future).

AMP believes clearly communicated information represents a critical control to identifying and managing cybersecurity risks and has encouraged employees to communicate early and often regarding any potential cybersecurity risk. As such, AMP encourages all clients to communicate any information security risk or breach they may have detected to their primary relationship manager immediately.

*Equity Securities Risk.* Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions. The value of a company's share price may decline as a result of decisions made by management, lower demand for the company's services or products or if the company's revenues fall short of expectations. There are also risks associated with the stock market overall. The stock market may experience periods of turbulence and instability.

*Fixed Income Securities Risk.* Debt securities, such as notes and bonds, are subject to credit risk and interest rate risk. Credit risk is the possibility that an issuer of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or changes in the credit rating of a security may affect its value. Interest rate risk is the risk that interest rates may increase, which tends to reduce the resale value of certain debt securities.

*Foreign Investing Risk.* Investments in foreign companies and markets carry a number of economic, financial, and political considerations that are not associated with the U.S. markets; this could unfavorably affect the account's performance. Among those risks are greater price volatility, weak supervision and regulation of securities exchanges, brokers and issuers, higher brokerage costs, fluctuations in foreign currency exchange rates and related conversion costs, adverse tax consequences and settlement delays.

*Government Securities Risk.* U.S. Government securities are subject to interest rate and inflation risks. Not all U.S. Government securities are backed by the full faith and credit of the U.S. Government. Certain securities issued by agencies and instrumentalities of the U.S. Government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is risk that these entities will default on a financial obligation.

*Management Risk.* AMP and its portfolio managers will be delegated the authority to buy and sell securities on your behalf. The client must rely upon the managers' abilities and judgment and their investment abilities. There is no guarantee that the managers' investment techniques will be successful.

*Master Limited Partnerships.* Master limited partnerships ("MLPs") are businesses organized as limited partnerships which trade their proportionate shares of the partnership (units) on a public exchange. Generally speaking, MLP investment returns are enhanced during periods of declining or low interest rates and tend to be negatively influenced when interest rates are rising. In addition, most MLPs are fairly leveraged and typically carry a portion of a "floating" rate debt. As such, a significant upward swing in interest rates would also drive interest expense higher. Furthermore,

most MLPs grow by acquisitions partly financed by debt, and higher interest rates could make it more difficult to make acquisitions.

*Medium Capitalization Companies Risk.* Medium capitalization companies tend to be more susceptible to adverse business or economic events than large capitalization companies, and there is a risk that the securities of medium capitalization companies may have limited liquidity and greater price volatility than securities of large capitalization companies.

*Model Portfolio Risk.* Asset allocation through an AMP model portfolio does not guarantee that an account will increase in value nor will it protect against a decline in value if market prices fall. At times, our judgments as to the asset classes in which client accounts should invest may prove to be wrong, as some asset classes may perform worse than others or the equity markets generally from time to time or for extended periods of time. Periodic rebalancing of the model portfolios can cause their holdings to incur transactional expenses. These expenses can adversely affect the performance of an account and of the model portfolios. In addition, if an account is required to buy or sell securities due to rebalancing, it may hold a large cash position. A large cash position could detract from achieving an investment objective and may result in lower performance returns than a fully invested account.

*Municipal Securities Risk.* Municipal securities are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. Repayment of municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is a risk that the interest on an otherwise tax-exempt municipal security may be subject to federal income tax.

*Mutual Funds and ETF Risk.* Mutual funds and ETFs are subject to investment advisory, transactional, operating and other expenses. Each mutual fund and ETF is subject to specific risks, depending on its investments, which include the loss of principal. The value of mutual funds' investments will fluctuate in response to changes in market and economic conditions, as well as the financial condition and prospects of companies and other investments in which the funds invest. The performance of each fund will depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy. Shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of open-end mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholder fees (e.g., sales loads, purchase fees, redemption fees).

Shares of closed-end mutual funds are listed on securities exchanges and transacted at negotiated prices in the secondary market. As such, the closed-end mutual fund's shares may trade at a premium or discount to NAV. Further, purchasing shares of a closed-end mutual fund at a discount does not guarantee a profit, as there can be no assurance the closed-end mutual fund's market price will subsequently revert to the fund's calculated NAV.

Shares of ETFs are also listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Non-Diversification Risk.* Non-diversified portfolios (a portfolio invested in a limited number of securities) may be more susceptible to adverse changes in the value of a particular security than a diversified portfolio would be.

*Preferred Stock Risk.* Preferred stock is a class of capital stock that typically pays dividends at a specified rate. Preferred stock is generally senior to common stock, but subordinate to debt securities, with respect to the payment of dividends and on liquidation of the issuer. The market value of preferred stock generally decreases when interest rates rise (interest rate risk) and is also affected by the issuer's ability to make payments on the preferred stock (credit risk).

*Small Capitalization Companies Risk.* Small capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services than large and medium capitalization companies. There is a risk that the securities of small capitalization companies may have limited liquidity and greater price volatility than securities of large and medium capitalization companies, which can negatively affect AMP's ability to sell these securities at quoted market prices. Finally, there are periods when investing in small capitalization company stocks falls out of favor with investors and these may underperform.

## **Item 9 - Disciplinary Information**

There have been no legal or disciplinary events involving AMP or any of our management persons involving investments or investment-related activities or that are otherwise material to a client's evaluation of our advisory business or the integrity of our management.

## **Item 10 - Other Financial Industry Activities and Affiliations**

AMP is an independent investment adviser and is not affiliated with any other financial services firms.

## **Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

AMP maintains a Code of Ethics (the "Code") that requires employees to adhere to the highest standards of business conduct. The Code, which addresses our policies relating to compliance with laws and regulations, conflicts of interest, confidentiality, client gifts and entertainment, outside employment, personal trading and reporting, and insider trading, is intended to assist

employees in carrying out their duties as fiduciaries to clients. A copy of our Code is available upon request.

AMP also requires its professional employees to adhere to the Investment Management Consultants Association (“IMCA”) Code of Professional Responsibility. The IMCA Code requires each professional investment management consultant to:

- Serve the financial interests of clients. Each professional shall always place the financial interests of the client first. All recommendations to clients and decisions on behalf of clients shall be solely in the interest of providing the highest value and benefit to the client.
- Disclose fully to clients our services provided and compensation received. All financial relationships, direct or indirect, between consultants and investment managers, plan officials, beneficiaries, sponsors or any other potential conflicts of interest shall be fully disclosed on a timely basis.
- Provide to clients all information related to the investment decision making process as well as other information they may need to make informed decisions based on realistic expectations. All client inquiries shall be answered promptly, completely, and truthfully.
- Maintain the confidentiality of all information entrusted by the client, to the fullest extent permitted by law.
- Comply fully with all statutory and regulatory requirements affecting the delivery of consulting services to clients.
- Endeavor to establish and maintain excellence personally and among colleagues in all aspects of investment management consulting and all aspects of financial services to clients.
- Support and participate in the activities of the IMCA to enhance the investment management consulting profession.
- Maintain the highest standard of personal and professional conduct.

Subject to the Code, our employees may invest in the same securities that are recommended to clients, including when securities are periodically added to a retirement plan or for rebalancing of asset allocation. However, AMP gives preference to clients over employees and related persons. Employees may not enter an order for a personal securities transaction that anticipates (i.e., front runs) or competes with a client order. The Code requires employees to pre-clear certain personal securities transactions (specifically, trust preferred securities, Initial Public Offerings and limited offerings). Further, the Code requires employees to routinely submit personal security holdings and transactions reports on most securities transactions, subject to exceptions such as open-end mutual funds, certain accounts managed by third-party advisers, securities issued by the U.S. Government and cash-like vehicles.

In addition, employees may not benefit personally or trade for their own accounts on the basis of material nonpublic information. We also maintain physical and electronic safeguards to protect nonpublic client information in our possession.

## **Item 12 - Brokerage Practices**

### *General*

Clients which engage AMP for Model Portfolio Services execute their own trades at their discretion. AMP does not offer or select brokerages or custodians for the client to use related to Model Portfolio Service accounts.

AMP offers discretionary investment management services to clients which custody assets at select financial institutions, collectively, “Preferred Custodians”.

### **The Custodians and Brokers We Use**

As discussed in Item 15 - Custody, we do not maintain custody of the assets we manage and advise. Your assets must be maintained in an account at a Preferred Custodian, generally a broker-dealer, bank or trust company. Each Preferred Custodian has an affiliated broker-dealer generally used for executing trades in client accounts.

We are independently owned and operated and are not affiliated with the Preferred Custodians. While we do not open the account for you, we may assist you in doing so.

### *How We Select Custodians/Brokers*

We seek to recommend a custodian/broker which will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services.

We consider a wide range of factors for Preferred Custodians including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, and other fees) and willingness to negotiate the prices;
- Reputation, financial strength and stability;
- Prior service to us and our other clients; and
- Availability of other products and services that benefit us.

- receipt of duplicate client statements and confirmations;
- access to trading services, including block trading services;
- the ability to have advisory fees deducted directly from a client's accounts (per written agreement);
- access to account information; and
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers.

#### *Custody/Brokerage Costs and Services*

For our clients' accounts, the Preferred Custodians generally do not charge you separately for custody services, but they are compensated by charging you commissions or other fees on trades that they execute or that they settle into your account. Commission rates applicable to our client accounts have currently been eliminated at Preferred Custodians.

Preferred Custodians may charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have the Preferred Custodian's affiliated broker-dealer execute most trades for your account whenever possible.

#### **Other Custodians**

Clients primarily use Custodians not discussed above for traditional custody services such as maintenance of assets, accounting of transactions and reporting of holdings and activity. AMP maintains model portfolios at these other Custodians and places trades through the custodian's affiliated broker-dealer. AMP does not receive other services from these other Preferred Custodians and has not committed to maintaining a minimum amount of assets under custody with these other Preferred Custodians.

#### **Directed Brokerage and Best Execution**

As noted above, AMP requires its clients to use a Preferred Custodian. Not all advisers require clients to choose from a limited offering of custodians or brokers. AMP generally processes transactions for the sale and/or purchase of securities (with the exception of individual bonds) in the client's account solely through the Preferred Custodian or its affiliated broker-dealer in an effort to minimize trading costs and other fees which may be incurred in having trades executed by a different broker-dealer. We take our duty to seek best execution in all transactions seriously. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Custodians/Brokers*").

We have determined that having the client's custodian execute most trades is consistent with our duty to seek "best execution" of client trades. As a practical matter, the markets in which AMP

operates are generally liquid and offer a relatively high degree of pricing transparency. Further, recommendations made by AMP are not time sensitive and are intended to be durable in nature. As such, the timing of an investment is not central to AMP's recommendations or investment strategies.

AMP does not permit clients to use a different custodian than a Preferred Custodian. However, AMP may at its sole discretion elect to establish relationships with additional custodians in the future, at which time that custodian would be considered to be a Preferred Custodian.

### **Trade Aggregation and Order Allocation**

While AMP makes investment decisions for each of its client accounts on an individual basis, AMP typically purchases or sells securities across all client accounts invested within any given investment style following one of two approaches:

- Aggregating orders across all eligible accounts (as a "block" trade); or
- Updating a model held at the client's custodians, with the custodian being responsible to execute the trade and allocate the purchase or sale across all participating accounts held at the custodian.

Given the liquid nature of securities in which AMP transacts on behalf of our clients, we generally expect all trades to be filled on the day they are entered. As such, all participating clients will generally receive a full order. While not expected to occur frequently, when the aggregate order size is greater than volume permits, which results in a partial execution for any given day, AMP will generally allocate trades on a pro-rata basis across all accounts for which the purchase or sale is suitable and, with respect to purchases, for which the account has available funds. Each participating client account will participate in the bunched order at the average share price for the order on the same business day. Transaction costs generally will be shared pro-rata based on each client's participation in the bunched order. However, there may be occasions when clients may pay disparate transaction costs due to minimum charges per account imposed by either the broker effecting the transaction or the client's custodian.

When trading a security deemed to be less liquid in nature (certain trust preferred securities, for example), AMP may request the custodian's affiliated broker-dealer to execute the trade using the broker-dealer's trading algorithm to manage the trade.

In addition, under certain circumstances, such as the rebalancing of client accounts, AMP may recommend both the purchase and the sale of a security for separate advisory accounts on the same day. In the event that more than one account simultaneously purchases or sells the same security, the transaction will be averaged as to price and allocated as to amount, as well as to expense incurred in the transaction, in accordance with arrangements equitable to each account. The simultaneous purchase or sale of the same securities by client accounts may have detrimental effects on accounts, as such purchases or sales may affect the price paid or received by the accounts or the size of the position obtainable by an account.



### **Trade Rotation**

AMP generally places all trades for each account held with the assigned custodian and uses a random sequence for selecting the order in which the custodians' affiliated broker-dealers are contacted to execute trades. In an effort to avoid scenarios where trading with a specific custodian's affiliated broker-dealer delays the trading process for AMP's broader client base, AMP personnel may determine to delay trades to be executed by a specific custodian's broker-dealer to a later time, in the interest of ensuring all clients' trades are executed in a timely fashion.

### **Cross Transactions**

AMP periodically effects purchase and sale transactions between two client accounts managed by AMP, generally related to less-liquid fixed income instruments held within client accounts and where AMP believes the cross transaction is in the best interest of both clients involved. AMP maintains procedures designed to provide reasonable assurance each cross transaction executed is in each client's best interests, including the reasonableness of the price used. AMP's Trading Department routinely reviews all cross transactions executed. ERISA accounts are generally not eligible to participate in cross transactions.

### **AMP's Trade Error Policy**

From time to time, AMP may make an error in submitting a trade on a client's behalf. When this occurs, AMP may place a correcting trade with the broker-dealer which has custody of the account. For those custodians which have a specific trade error correction policy or process, the treatment of any gains or losses resulting from error corrections is dependent on which custodian is processing the trade. For accounts maintained at other custodians, we strive to timely correct trade errors with the objective of ensuring the impacted client(s) are made whole.

AMP faces an inherent conflict in addressing trade errors, as trade errors are often detected by AMP personnel who may have an inherent incentive to mitigate such trade errors in AMP's favor, to the detriment of the clients. To address this risk, AMP logs all trade errors, and AMP management actively reviews all trade errors. AMP believes these controls, along with AMP's Trade Error Policy combined with periodic employee training program, serve to mitigate these inherent risks.

### **Item 13 - Review of Accounts**

AMP's Investment Committee regularly meets to review models and guidelines for each client portfolio. Client accounts are screened for allocation, differences and rebalancing.

Clients should receive a quarterly statement from their respective custodian(s) summarizing all trades made during the quarter, account balance information and the amount of fees paid from the account.

#### **Item 14 - Client Referrals and Other Compensation**

Other than the soft dollar benefits disclosed in Item 12 – Brokerage Practices above, AMP does not receive commissions or other economic benefits from a non-client in connection with providing advice to clients.

As discussed in Item 4 – Advisory Business, AMP may compensate Relationship Managers who solicit clients for us. Any such referral arrangements and payments will be made in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and any applicable state securities laws. AMP pays the Relationship Manager a cash referral fee, which is calculated as the difference between AMP's base management fee (0.80% on Income Generating and 0.50% on all other strategies) and the total amount the client has contractually agreed to pay for management of the account. In practice, AMP generally receives the full amount of the agreed upon fee from the clients who have been referred to AMP by the Relationship Manager and remits the cash referral fee directly to the Relationship Manager. Alternatively, the Relationship Manager may bill the client directly for the full fee, and separately remit AMP's share of fees to AMP (one Relationship Manager opts for this approach as of the date of this brochure). The Relationship Manager typically will receive the fee for so long as AMP continues to manage the client's account.

While the Relationship Manager negotiates the fees to be paid by the client, at no time will the total fee charged to the Referred Client exceed 2.20%. As noted in Item 5 – Fees and Compensation, AMP generally charges a lower fee for clients which engage AMP directly, and therefore negotiate fees directly with AMP. The cash referral fee paid to the Relationship Manager is to compensate the Relationship Manager for the referral and the services they provide including, but not limited to communications with client to determine client goals, objectives, investment suitability and provide general advice. The total fee charged to client accounts are outlined in the agreement executed by the client prior to having AMP provide any services, and the Relationship Manager is obligated to provide information to the client outlining the terms of the solicitation fee arrangement at inception of the relationship with AMP.

#### **Item 15 - Custody**

AMP does not act as custodian for any client accounts; however, we may be deemed to have custody to the extent that we may deduct advisory fees from a client's account. All clients must appoint one of the Preferred Custodians to have possession of the assets of the account, to settle transactions for the account and to accept instructions from us regarding the assets in the account. All clients receive quarterly account statements directly from the custodian. You should carefully review those statements promptly when you receive them. *We also urge you to compare the custodian's account statements to the periodic account statements you will receive from us.*

#### **Item 16 - Investment Discretion**

AMP generally has discretionary authority to purchase and sell securities for client accounts by virtue of a limited power of attorney executed by the client as part of the investment advisory agreement. Our discretionary authority may be subject to investment limitations and restrictions imposed by the client and provided to us in writing.

### **Item 17 - Voting Client Securities**

Unless directed in writing by the client, AMP will vote all proxies on securities managed by AMP on behalf of the client. Clients that wish to vote proxies in a particular manner must retain proxy voting authority. AMP's Proxy Voting Policy is designed to provide reasonable assurance that AMP votes proxies in the best interests of its clients. Generally speaking, AMP will vote: 1) affirmatively for directors; 2) negatively for increased compensation; and 3) negatively on politically oriented shareholder matters. AMP is not restricted, however, to these general guidelines. Ultimately, the decision of how to vote rests with AMP's Investment Committee, with the overriding consideration being to vote in the best interest of AMP clients.

When there is a conflict of interest, or the appearance of a conflict of interest, between AMP's interests and those of its clients, AMP will forward the proxy statement to the client to vote. Upon request to AMP, a client may obtain a copy of the Proxy Voting Policy and information on how the client's securities were voted. AMP does not vote proxies on unmanaged assets.

### **Item 18 - Financial Information**

AMP does not have any financial condition that would impair our ability to meet contractual commitments to clients. A balance sheet is not required to be provided because we do not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **Item 19 - Additional Information**

#### *Class Action Policy*

AMP generally will not act for clients in any legal proceedings, including bankruptcies or class actions, involving securities either held or previously held in accounts or the issuers of such securities. Although AMP will not provide legal advice, from time to time it may provide clients with its views on these matters if so requested by the client. The custodian is generally responsible for transmitting information regarding legal proceedings and submitting a proof of claim on behalf of the client.

#### *Identity Theft*

AMP recognizes the inherent risk all individuals face with respect to identity theft. AMP has created an identity theft program, primarily designed to help employees identify potential red flags indicating a client's identity may have been stolen. In addition to identifying potential red flags, this identity theft program outlines the actions employees and the firm will take in the event they believe a client's identity may have been stolen. As a practical matter, while AMP considers identity theft matters related to all clients, AMP's ability to identify potential red flags for clients for whom AMP only provides asset management services (specifically, non-Legacy Clients) is limited, as AMP simply manages investment portfolios used by clientele of another financial institution while not interacting directly with the underlying client. AMP requests any client who suspects his/her identity may have been compromised to immediately notify the client's primary relationship manager, thereby permitting AMP to consider implementing additional controls around the client's account.

*Disaster Recovery*

AMP maintains a Disaster Recovery Plan designed to reasonably ensure the essential business functions of AMP are promptly restored in the event of a disaster. While AMP strives to establish and maintain comprehensive processes supporting this Disaster Recovery Plan, the firm cannot ensure it will be able to continue business operations during every disaster event, given the inherently unknown nature and scope of future disaster events. Such events could include acts of war, terrorism, accidents and sabotage. If there were to be an actual disaster event, AMP will make every attempt to notify clients of the impact of the event on the firm and its clients.

21687750.1