



## Deutsche Bank Securities Inc.

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This wrap fee program brochure provides information about the qualifications and business practices of Deutsche Bank Securities Inc. If you have any questions about the contents of this brochure, please contact us at (212) 250-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Deutsche Bank Securities Inc. is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

## Item 2 – Material Changes

There have been no material changes that have occurred since DBSI filed its updated brochure dated March 30, 2020.

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## Item 4 - Services, Fees and Compensation

### Introduction

Deutsche Bank Securities Inc. (DBSI, “we,” “our” or “us”) is a registered investment adviser and is also a registered broker-dealer. This disclosure brochure is being provided to you pursuant to Section 204 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), and deals solely with the Wealth Advisory Program offered by Deutsche Bank’s Wealth Management division. The Wealth Advisory Program is comprised of selected wrap fee advisory services categorized as:

- (1) Wealth Advisory Mandate
- (2) Adviser Select
- (3) Consulting Direct

DBSI also provides other types of advisory programs and services that are described in separate disclosure statements. DBSI is an indirect, wholly-owned, nonbank subsidiary of Deutsche Bank AG. It is a member of the Financial Industry Regulatory Authority, Inc. and the New York Stock Exchange.

The information in this disclosure statement has not been approved or verified by any governmental or regulatory authority. The advisory services described in this disclosure statement are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency and involve risk, including the possible loss of principal.

DBSI personnel providing Wealth Advisory services are associated persons of DBSI in its capacity as an investment adviser and registered representatives of DBSI in its capacity as a broker-dealer.

In addition to the services provided by DBSI that are described below, DBSI may provide to its institutional clients proprietary published research that is not specially tailored for particular clients, as well as access to the research analysts who prepare that research. These services, which are paid for in cash by clients, may be offered to non-wealth management clients of DBSI and do not include any securities trading activity on a discretionary basis or otherwise.

### Assets Under Management

DBSI’s Wealth Advisory Program had approximately \$59,800,909 of regulatory assets under management and a total of approximately \$159,106,101 of client assets in Wealth Advisory accounts not included in regulatory assets under management as of December 31, 2020.

### Description of Services

DBSI offers the following services to clients who choose to participate in the Wealth Advisory Program. These services are described in greater detail under Item 6 of this Brochure. Employees of Deutsche Bank’s Wealth Management division whose compensation may be determined in part by revenues earned by Deutsche Bank’s Wealth Management division have a financial incentive to recommend that a client select a Wealth Advisory service, or another service offered through DBSI or another Deutsche Bank Wealth Management entity whose services would generate greater advisory fee revenues.

#### 1. Wealth Advisory Mandate

Under Wealth Advisory Mandate, DBSI Investment Specialists (Wealth Advisory Mandate Advisers) provide non-discretionary account management services to Wealth Advisory Mandate clients. Wealth Advisory Mandate Advisers provide advice on Wealth Advisory Mandate eligible assets while clients retain the authority to make the investment decisions. Wealth Advisory Mandate Advisers operate within broad investment guidelines implemented by DBSI. The securities utilized as part of the Wealth Advisory Mandate services will depend on the customized investment strategy employed by the Wealth Advisory Mandate Adviser and the client.

#### 2. Adviser Select

Under Adviser Select, DBSI advises clients regarding the retention and subsequent periodic evaluation of one or more asset managers that are subject to DBSI’s due diligence review process and have been selected by DBSI to provide

services as part of the program ("Adviser Select Managers"). To appoint an Adviser Select Manager, the client executes a Wealth Advisory Manager Appointment Form granting the Adviser Select Manager discretionary trading authority over the client's account.

### **3. Consulting Direct**

Under Consulting Direct, DBSI provides investment consulting services, which may include assisting the client in identifying and retaining one or more separate account investment managers that are subject to DBSI's due diligence review process described in Item 6 below (Consulting Direct Managers). DBSI serves in a consulting capacity and the client grants the Consulting Direct Manager discretionary authority over the client's account. Our role is to identify managers that have been examined and determined to be suitable for the client's needs.

The selection of the Consulting Direct Manager is the responsibility of the client and the Consulting Direct Manager will provide its services directly to the client pursuant to a separate agreement.

#### **Fees**

The fees we charge to clients for Wealth Advisory accounts are based on a percentage of the assets under management or, in the case of certain Adviser Select Managers utilizing a yield enhancement strategy employing only options in the account, on a percentage of a predetermined "mandate size" over which the strategy is run. In such case the client will agree in writing to the initial mandate size, although the mandate size may subsequently be reduced in the discretion of the Adviser Select Manager. DBSI debits fees quarterly in advance from client accounts. Fees are computed based on asset values or on an agreed upon mandate size for a yield enhancement strategy employing options at the inception of the services and at the beginning of each subsequent calendar quarter. The annual fees generally are not above 2.50% and are subject to negotiation in accordance with the individual requirements of each client.

Adviser Select Managers are paid by DBSI based upon various factors, including investment style and assets under management with DBSI and the types of services offered at no additional charge to the Adviser Select clients. Generally, Adviser Select Managers receive between 0.35% and 1.00% of the value of the assets managed for the client with respect to equity accounts, between 0.07% and 0.35% of the value of the assets managed for the client with respect to fixed income accounts and up to 0.45% for options strategies. Clients may pay a lower fee by investing directly with an Adviser Select Manager than by investing with the same Adviser Select Manager through the Wealth Advisory Program.

Consulting Direct Managers will charge a fee to the client as negotiated with the client. This fee is separate from the fee that we charge to the client.

Employees of DBSI and its affiliates may obtain Wealth Advisory services at fees lower than those available to clients.

Maximum DBSI fees are as follows:

## Equity/Balanced Fee Schedule

### Wealth Advisory Mandate

Account Asset Value	Annual Fee (maximum)
First \$1,000,000	2.50%
Next \$3,000,000	2.50%
Over \$5,000,000	2.50%

### Adviser Select

Account Asset Value	Annual Fee (maximum)
First \$250,000	2.50%
Next \$250,000	2.50%
Next \$500,000	2.50%
Next \$1,000,000	2.50%
Next \$3,000,000	2.50%
Over \$5,000,000	2.50%

### Consulting Direct – Excludes the Consulting Direct Manager Fee

Account Asset Value	Annual Fee (maximum)
First \$250,000	2.00%
Next \$250,000	2.00%
Next \$500,000	2.00%
Next \$1,000,000	2.00%
Next \$3,000,000	2.00%
Over \$5,000,000	2.00%

## Fixed Income Fee Schedule

### Wealth Advisory Mandate

Account Asset Value	Annual Fee (maximum)
First \$1,000,000	1.00%
Next \$3,000,000	1.00%
Over \$5,000,000	1.00%

### Adviser Select

Account Asset Value	Annual Fee (maximum)
First \$250,000	1.25%

Next \$250,000	1.25%
Next \$500,000	1.25%
Next \$1,000,000	1.25%
Next \$3,000,000	1.25%
Over \$5,000,000	1.25%

### **Consulting Direct – Excludes the Consulting Direct Manager Fee**

<b>Account Asset Value</b>	<b>Annual Fee (maximum)</b>
First \$250,000	1.00%
Next \$250,000	1.00%
Next \$500,000	1.00%
Next \$1,000,000	1.00%
Next \$3,000,000	1.00%
Over \$5,000,000	1.00%

### **Accounts of Immediate Family Members**

Under limited circumstances, we may aggregate the accounts of immediate family members who are participants in the Wealth Advisory Program to calculate the amount of assets under management for purposes of determining the applicable fee for the selected service. Each account is then charged a prorated portion of the advisory fee. In addition, in certain circumstances and upon negotiation with the client, we may aggregate related accounts for fee calculation purposes and a pro rata portion of the total fee will be charged to each such account or, upon negotiation with the client, may be charged to one or more of the client's accounts.

### **Other Costs**

Clients should consider that, depending on the level of the Wealth Advisory Program fee, the amount of activity in the client's account, the value of the investment advisory and other services selected to be provided by DBSI, and other factors, the Wealth Advisory Program fee may or may not exceed the aggregate cost of such services if they were provided separately. The combination of the services selected may or may not be available separately, or may require additional accounts, documentation and fees.

The fees paid by the client to participate in the Wealth Advisory Program may be more or less than the brokerage or other sales charges that would have been paid if the client had purchased or sold funds or securities outside of DBSI, depending upon the type of securities and funds and the size and frequency of transactions.

The Wealth Advisory Program fee, as negotiated with the client, covers consulting, execution and other services performed by DBSI that are described herein and investment management services performed by DBSI, the Wealth Advisory Advisers, the Adviser Select Managers and the Consulting Direct Managers (collectively, the "Investment Managers"), except that (a) Consulting Direct Managers also charge their own advisory fee to clients and that fee is separate from any fee charged to the client by DBSI and (b) the client may pay additional fees, such as custody, execution or clearing fees with respect to the use of non-U.S. ordinary shares by Adviser Select Managers, which fees will be disclosed separately to the client.

The fees described herein do not cover transaction charges on trades effected through or with broker-dealers other than DBSI, mark-up or mark-down by such other broker-dealers, transfer taxes, margin interest, exchange fees, electronic fund and wire fees, account maintenance fees and any other charges or miscellaneous fees not contemplated under the Wealth Advisory Program. Clients may bear certain additional fees, including charges and taxes imposed by governmental authorities, self-regulatory bodies, transfer agents and other outside entities with respect to securities transactions, including, but not limited to, redemption fees, transfer fees and any other charges mandated by law, regulation or organizations or exchanges of which DBSI is a member.

## Mutual Funds; Other Trail Compensation

DBSI may recommend that Wealth Advisory clients invest in (1) mutual funds unaffiliated with DBSI or (2) mutual funds that are affiliated with DBSI in that the funds are sponsored, managed or administered by an affiliate of DBSI. DBSI has a conflict of interest when it recommends mutual funds because, to the extent that DBSI recommends, and a Wealth Advisory client invests in, a mutual fund that is affiliated with DBSI, the affiliate of DBSI will obtain financial benefits that it would not obtain if the Wealth Advisory client instead invested in a fund that is not affiliated with DBSI, including fees for managing the fund, which are paid by the fund but ultimately are borne by the fund's shareholders. Those fees will be disclosed in the mutual fund's prospectus.

With respect to all mutual funds utilized in Wealth Advisory accounts, whether affiliated or unaffiliated with DBSI, clients will pay DBSI the agreed-upon Wealth Advisory investment advisory fee based on the value of the client's shares in the fund and will also indirectly pay to the mutual fund or its advisers or administrators (which may include affiliates of DBSI) the client's *pro rata* share of certain fees and payments associated with the management, operation or distribution of the mutual fund, including but not limited to distribution fees, shareholder servicing fees, "revenue share" payments, finder's fees, fund management fees, and custodial fees, which are directly paid by the fund or its adviser but are, in whole or in part, ultimately borne by the fund's shareholders. Depending on the mutual fund, portions of such fees and payments are paid by the fund or its adviser, or by Pershing LLC as part of the Pershing Revenue Share Program described below, to DBSI or its affiliates. The prospect of receiving, or the receipt of, this additional compensation by DBSI or its affiliates presents a conflict of interest by providing DBSI with an incentive in making mutual fund recommendations to Wealth Advisory clients to favor mutual funds in respect of which DBSI receives greater overall additional compensation over mutual funds in respect of which DBSI receives less or no overall additional compensation.

Certain mutual funds pay to their distributors (which may include DBSI) fees pursuant to Rule 12b-1 under the Investment Company Act of 1940 (a "12b-1 fee"). Like other fees paid by a mutual fund, a 12b-1 fee has the effect of reducing the investment returns on the mutual fund held by the investors in that fund. Investment advisers are incentivized to recommend share classes that pay 12b-1 fees to them or their affiliated broker-dealers over share classes that pay lower or no 12b-1 fees, which represents a conflict of interest for the investment advisers. However, DBSI generally does not intend to utilize for Wealth Advisory Mandate accounts mutual fund share classes that pay DBSI 12b-1 fees; in the event that DBSI does receive 12b-1 fees from a mutual fund attributable to shares of the fund held in a Wealth Advisory Mandate account, DBSI will credit those 12b-1 fees to that account. Adviser Select Managers and Consulting Direct Managers may, when acting pursuant to their discretionary authority over the client's account, select mutual funds which pay 12b-1 fees to DBSI; in those instances DBSI will also credit those 12b-1 fees to the client account.

DBSI also participates in a program offered by Pershing LLC under which DBSI shares in revenue received by Pershing LLC from mutual funds offered on the Pershing LLC platform (the "Pershing Revenue Share Program"). From time to time, DBSI recommends or makes available to Wealth Advisory clients mutual funds that are not included in the Pershing Revenue Share Program. DBSI has a conflict of interest because, other things being equal, it has an incentive to recommend to Wealth Advisory clients mutual funds that are included in the Pershing Revenue Share Program and result in additional compensation to DBSI over mutual funds that are not included in the Pershing Revenue Share Program, and therefore do not result in such additional compensation to DBSI.

Clients may wish to take the aggregate compensation to DBSI from a purchase of a mutual fund into account when considering purchasing a mutual fund or evaluating any recommendations relating to mutual fund shares. The client is also responsible for all other expenses and fees associated with mutual funds (whether affiliated or unaffiliated with DBSI). Mutual fund expenses and fees vary with each fund's fee structure.

A mutual fund may offer several "classes" of shares, with each "class" charging different fees and costs. Please review the mutual fund's prospectus for a detailed description of the fund's fees and expenses. Certain lower cost mutual fund share classes may be available outside of the Wealth Advisory Program or through a financial services firm other than DBSI. DBSI cannot offer any assurance that clients will be invested in the lowest cost share class available. Please contact your DBSI account representative for information regarding limitations, if any, on mutual fund share classes available through the Wealth Advisory Program.



## Agency Trades

Unless the client agrees otherwise, all transactions will be executed through DBSI and the client will not be charged a commission for agency orders executed through DBSI. DBSI will not charge a mark-up or mark-down for any securities transaction conducted by DBSI on an agency basis for the client's account. If DBSI executes transactions through other broker-dealers, the client will be responsible for any expenses incurred in connection with such transactions, including, but not limited to, exchange fees, transfer taxes, commissions, mark-ups and mark-downs on securities transactions.

## Principal Trades

DBSI and its related persons may, as principal, sell debt or equity securities to, or purchase such securities from, its advisory clients, as well as perform brokerage services for those clients. In connection with any such principal transaction, DBSI may earn compensation in the form of a mark-up or mark-down. When acting in the capacity of principal, DBSI and its related persons may be deemed to have a conflict of interest between the firm's financial interests and that of the client. Principal transactions will be executed and billed in accordance with applicable regulatory consent and disclosure procedures.

## Agency Cross Transactions

DBSI may effect agency cross transactions for advisory clients, meaning it may act as agent for the Wealth Advisory client on the one hand and for the non-advisory brokerage client on the other hand. Such transactions may involve debt or equity securities. In acting in the capacity as agent, DBSI may be deemed to have a potentially conflicting division of loyalties between DBSI's financial interests and that of the Wealth Advisory client. In order to mitigate this potential conflict, DBSI will not receive any commission, and no mark-up or spread will be charged or earned for the transaction. A minimal fee may be charged for the re-registration of the security from the non-advisory brokerage client. All such transactions will be executed in accordance with applicable regulatory consent and disclosure procedures.

## Cash Sweep Vehicles

DBSI may sweep clients' idle cash balances into affiliated funds, including affiliated money market funds, or into unaffiliated money market funds or products. Affiliated money market funds are advised by an affiliate of DBSI, and that affiliate receives a management fee from those funds for its advisory services. As with all mutual funds, the clients, through their investments in the money market fund are charged their pro rata shares of this fee. DBSI advisory fee charges are based upon the client's total portfolio, inclusive of client cash balances.

## Item 5 - Account Requirements and Types of clients

In order to participate in the Wealth Advisory Program, the client must open an account with DBSI by executing a Wealth Advisory Services Agreement and completing a Client Profile and an Account Agreement. DBSI shall assign one or more Investment Specialists (each an "Investment Specialist") to each account and such Investment Specialist shall act as the client's primary contact with DBSI. When providing services under the Wealth Advisory Program, DBSI may retain the services of one or more of its affiliates in connection with the provision of investment advice, research, trade execution or other matters.

Wealth Advisory clients may include individuals, corporations, partnerships, trust accounts, charitable institutions, governmental entities, financial institutions, pooled investment vehicles and Taft-Hartley Plans.

### Minimum Account Size:

(1) Wealth Advisory Mandate	\$2,000,000
(2) Adviser Select	\$100,000 (or such higher minimum amount set by the Adviser Select Manager) <sup>1</sup>
(3) Consulting Direct	\$100,000 (or such higher minimum amount set by the Consulting Direct Manager)

In each case, the minimum account size is subject to negotiation with DBSI. Under limited circumstances, accounts of immediate family members, affiliated organizations or related clients may be aggregated to satisfy the total asset minimum standard. Multiple accounts of a single client may also be aggregated to satisfy the total asset minimum standard.

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<sup>1</sup> The minimum account size for Adviser Select clients utilizing DWS Investment Management Americas, Inc. is \$50 million.

DBSI's affiliates, Deutsche Bank Trust Company Americas, Deutsche Bank National Trust Company and Deutsche Bank Trust Company, N.A. (collectively, "Other Wealth Management Entities"), also provide certain of their clients with access to Adviser Select managers pursuant to services that are separate and distinct from the Wealth Advisory services, and that utilize different fee structures. Information regarding access to Adviser Select managers through the Other Wealth Management Entities is available upon request.

In addition, the Other Wealth Management Entities provide their clients with non-discretionary investment advisory services that are separate and distinct from the Wealth Advisory Mandate service, and that utilize different fee structures. Information regarding those services is available upon request.

## **Item 6 - Portfolio Manager Selection and Evaluation**

All Investment Specialists providing Wealth Advisory Program services are required to take and pass either the Uniform Investment Advisor Law (Series 65) examination or the Uniform Combined State Law (Series 66) examination, unless the Investment Specialist falls under an applicable state exemption.

All Wealth Advisory Mandate Advisers are employees of DBSI.

### **Wealth Advisory Mandate**

DBSI has created and implements broad investment guidelines within which Wealth Advisory Mandate Advisers must operate with respect to Wealth Advisory Mandate accounts. The securities to be utilized as part of the Wealth Advisory Mandate services will depend on the customized investment strategy employed by the Wealth Advisory Mandate Adviser and the client. Wealth Advisory Mandate Advisers may use the research capabilities of DBSI, its affiliates or third party research providers, as well as the insight and observations of DBSI's analysts, asset allocation specialists, traders and economists.

The securities utilized as part of the Wealth Advisory Mandate services will depend on the customized investment strategy employed by the Wealth Advisory Mandate Adviser and the client. The types of securities utilized in Wealth Advisory Mandate accounts generally include equities, bonds, ETFs and/or mutual funds. Wealth Advisory Mandate Advisers provide personalized non-discretionary service with semi-annual reviews of each Wealth Advisory Mandate account, examining market fluctuations, significant events and client needs and objectives. Each client account is advised on the basis of the client's financial situation and investment objectives.

DBSI does not calculate composite performance for Wealth Advisory Mandate accounts

DBSI may remove and/or replace a Wealth Advisory Mandate Adviser from the Wealth Advisory Program without client consent. DBSI may replace a Wealth Advisory Mandate Adviser who is no longer suitable for the client or the Program due to issues affecting the Wealth Advisory Mandate Adviser such as poor client service and failure to adhere to the Program's investment guidelines.

### **Adviser Select**

DBSI may recommend Adviser Select Managers to clients following an analysis by DBSI of the client to determine which Adviser Select Managers are appropriate to meet the client's investment objectives, risk tolerance and time horizon.

DBSI is responsible for the research, recommendation and monitoring of Adviser Select Managers. DBSI maintains a database consisting of statistical and other data provided by the Adviser Select Managers and other data compiled from internal and third party sources believed by DBSI to be reliable. These third party sources may include FactSet Research Systems and MPI-Stylus.

DBSI employs a research process that is both quantitative and qualitative in nature. We believe that the success of an Adviser Select Manager is largely driven by the quality of the people responsible and the integrity of the investment discipline that they follow. The selection process is the same across all asset classes and investment styles and recognizes that an asset manager's past performance is a significant point of analysis only if the investment philosophy, process and

personnel are consistent throughout the period that the track record was established. DBSI isolates and analyzes the qualitative and quantitative factors that are the key drivers of potential future performance.

In determining whether to include an asset manager as an Adviser Select Manager in the Wealth Advisory Program, DBSI reviews several key factors, including a review of the manager's investment process, analysis of key individuals, performance history, as well as on-site visits and interviews. Adviser Select Managers are expected to exhibit organizational stability and a reliable and effective investment process involving experienced investment personnel. Each Adviser Select Manager also completes an Adviser Select questionnaire and submits its Form ADV Part 2 (if an Adviser Select Manager is not subject to registration as an investment adviser, it will submit information substantially equivalent to the information contained in the Form ADV Part 2A and Part 2B required of registered investment advisers), model portfolios, performance records and personnel profiles to DBSI. Adviser Select Managers are subject to ongoing performance monitoring and due diligence review by DBSI.

DBSI's methodology for evaluating the investment performance of an Adviser Select Manager looks at historical returns over three-, five- and ten-year periods, where available. The evaluation of performance over these periods takes into account performance volatility over rolling periods of time, relative performance as compared to peers and benchmarks, and portfolio risk. Adviser Select Managers are evaluated regularly to ensure that they continue to perform and meet standards. Quantitative and qualitative analysis is completed on a quarterly basis which may include performance analysis, questionnaires, manager profiles, attribution analysis, portfolio characteristics analysis, evaluation of sector and country allocation and return-based style analysis.

While DBSI performs a review of the manager's historical performance composite prior to inclusion in the Wealth Advisory Program and reviews the manager's performance on an ongoing basis while the manager is active in the Wealth Advisory Program, DBSI does not verify the accuracy of the Adviser Select Manager's historical performance.

DBSI may remove an Adviser Select Manager from the Wealth Advisory Program without client consent. However, any replacement of a previously selected Adviser Select Manager as manager of a client's specific account may be made only with the consent of the client. DBSI may recommend the replacement of an Adviser Select Manager who is no longer suitable for the client or the Program due to changes in the client's financial situation or investment objectives, or issues affecting the Adviser Select Manager such as changes in key personnel, ownership changes or problems, style drift, poor client service, poor business management, unexpected increase in risk or other market fluctuations, deterioration of performance or stagnant investment process. In addition, it may be possible that an Adviser Select Manager may request to be removed from the Wealth Advisory Program, upon written notice to DBSI.

All investment decisions for Adviser Select accounts are made by the Adviser Select Manager responsible for managing those accounts in accordance with the investment styles available in the Wealth Advisory Program and chosen by clients, and in accordance with any reasonable restrictions the client places on the account. Adviser Select Managers are responsible for ensuring compliance with agreed-upon client restrictions. These restrictions may cause Adviser Select Managers to deviate from investment decisions they would otherwise make in managing client assets and, thereby, affect account performance. DBSI has no discretion to make investment decisions on behalf of Adviser Select accounts and may not change an Adviser Select Manager without the client's written consent. Subject to DBSI's ability to remove an Adviser Select Manager from the Wealth Advisory Program as described above, only the client may terminate the Adviser Select Manager's investment discretion over the client's account.

Clients choosing the Adviser Select option must complete a separate Wealth Advisory Manager Appointment Form for each Adviser Select Manager chosen to manage a portion of that Client's Wealth Advisory account. The Wealth Advisory Manager Appointment Form grants the relevant Adviser Select Manager discretionary trading authority over all of the Client's relevant Wealth Advisory account committed to that Adviser Select Manager.

If the client selects Pacific Investment Management Company LLC (PIMCO) as an Adviser Select Manager: (a) a portion of the client's account may hold Fixed Income Shares developed by Pacific Investment Management Company LLC (FISH Shares), (b) the client may not transfer FISH Shares from the client's account to any other account without the prior approval of DBSI and (c) if the client terminates PIMCO as an Adviser Select Manager or if the client's account is closed for any reason, DBSI shall promptly liquidate all FISH Shares in the client's account at prevailing market prices, and such liquidation may have tax consequences to the client.

If the client selects the Wells Fargo Corebuilder Municipal Income Strategy (Wells) as an Adviser Select Manager, the client understands and agrees that (a) a portion of the client's account may hold the "M-Series Shares" developed by Wells, (b) the client may not transfer the M-Series Shares from the client's account to any other account without the prior approval of DBSI, and (c) if the client terminates the Wells Muni strategy as an Adviser Select Manager or if the client's account is closed for any reason, DBSI shall promptly liquidate all M-Series Shares in the client's account at prevailing market prices, and such liquidation may have tax consequences to the client.

DBSI is an affiliate of DWS Investment Management Americas, Inc. (DWS IM), which is an Adviser Select Manager and registered as an investment adviser under the Advisers Act. DBSI pays DWS IM a portion of the Adviser Select fee collected by DBSI with respect to Adviser Select clients who select DWS IM as an Adviser Select Manager. DWS IM undergoes the same selection and review process by DBSI as other Adviser Select Managers in the Wealth Advisory Program. However, DBSI's recommending DWS IM to clients presents a conflict of interest because the entirety of the Adviser Select fee paid by the client to DBSI will be retained by DBSI and its affiliate DWS IM on an aggregated basis. In contrast, DBSI pays, and therefore does not retain (or pay to DWS IM or any of its affiliates), a percentage of the client's Adviser Select fee to unaffiliated Adviser Select Managers utilized by clients. The increased aggregate compensation retained by DBSI and DWS IM provide DBSI with a financial incentive to recommend to clients DWS IM, and not an unaffiliated Adviser Select Manager.

### **Consulting Direct**

DBSI may recommend Consulting Direct Managers to clients following an analysis by DBSI of the client to determine which Consulting Direct Managers are appropriate to meet the client's investment objectives, risk tolerance and time horizon.

A broad overview of the Consulting Direct Manager's organizational structure and history, information about assets under management, strategy composite and regulatory record are collected and reviewed by DBSI. DBSI utilizes a database consisting of statistical and other data provided by the Consulting Direct Managers and other data compiled from internal and third party sources believed by DBSI to be reliable. These third party sources may include eVestment Alliance and FactSet Research Systems.

DBSI conducts a review of several key factors relating to the Consulting Direct Managers, including a review of the manager's investment process, analysis of key individuals, performance history, as well as in-person meetings. Consulting Direct Managers are expected to exhibit organizational stability and a reliable and effective investment process involving experienced investment personnel. Each Consulting Direct Manager also completes a due diligence questionnaire and submits its Form ADV (if a Consulting Direct Manager is not subject to registration as an investment adviser, it will submit information substantially equivalent to the information contained in the Form ADV required of registered investment advisers), model portfolios, performance records and personnel profiles to DBSI.

DBSI's methodology for evaluating the investment performance of Consulting Direct Managers looks at historical returns over various relevant long- and short-term time periods. The evaluation of performance over these periods takes into account consistency of returns over rolling periods of time, relative performance as compared to peers and benchmarks and portfolio risk. Quantitative and qualitative analysis on Consulting Direct Managers is completed on a regular basis (and at least annually), which may include performance analysis, questionnaires, manager profiles, attribution analysis, portfolio characteristics analysis, evaluation of sector and/or country allocation, return-based style analysis and correlation analysis.

DBSI typically does not consider for inclusion as Consulting Direct Managers investment managers with less than three years of historical returns, although DBSI may include such investment managers on an exception basis, in which case qualitative and quantitative reviews will be conducted based upon those shorter periods of historical returns.

While DBSI performs an initial and ongoing review of the historical performance composite for Consulting Direct Managers, DBSI does not calculate the Consulting Direct Manager's historical performance.

DBSI may change its opinion on an existing Consulting Direct Manager, in which case the client will be notified to determine whether they want to continue to maintain their relationship with that Consulting Direct Manager. DBSI may recommend a replacement of a Consulting Direct Manager that is no longer suitable for the client or the Wealth Advisory Program due to change in the client's financial situation or investment objectives, or issues affecting the Consulting Direct

Manager such as changes in key personnel, ownership changes or problems, style drift, poor client service, poor business management, unexpected increase in risk or other market fluctuations, deterioration of performance or stagnant investment process. In addition, a Consulting Direct Manager may decide to no longer participate in the program or decide to terminate its relationship with one or more client accounts.

We cannot guarantee that we will continue to maintain ongoing due diligence reviews for Consulting Direct Managers and the factors reviewed are subject to change at our discretion. One or more Consulting Direct Managers may also be available through Adviser Select.

All investment decisions for Consulting Direct accounts are made by the Consulting Direct Manager responsible for managing those accounts in accordance with the investment style available and chosen by the client and in accordance with any reasonable security level restrictions the client places on the account. These restrictions may cause a manager to deviate from investment decisions they would otherwise make in managing client assets and, thereby, affect account performance. DBSI has no discretion to make investment decisions on behalf of Consulting Direct accounts and the client has the sole ability to terminate its separate agreement with the Consulting Direct Manager. Investment managers that are not Consulting Direct Managers may be selected by the client. In the selection of such "off-platform" investment managers, the client will be required to acknowledge that DBSI does not perform initial or ongoing due diligence reviews on those managers. DBSI's obligations to the client with respect to such managers will be limited to providing ongoing client performance monitoring services.

No related person of DBSI acts as a Consulting Direct Manager.

## **Additional Information Applicable to All Wealth Advisory Program Services**

### **Client Account Performance**

Performance reports are issued quarterly for all Wealth Advisory Program accounts. Account performance is computed by DBSI utilizing the Modified Dietz time-weighted rate of return methodology which is the preferred industry standard when comparing Investment Managers. The InvestEdge system is the portfolio accounting system used for calculating performance. InvestEdge calculates a daily time weighted return at the Total Account, Class Level, and Asset Level. InvestEdge computes time-weighted cumulative returns by geometrically linking the incremental (daily) returns. Total returns include realized and unrealized gains and losses, income and management fees. Accrual accounting is used for fixed income securities only. Returns from cash and cash equivalents are included in return calculations, and cash is included in the account amount (total assets) on which the return is calculated. All returns are calculated after the deduction of management fees incurred during the period and thus represent net of fee performance.

There are several validation checks that take place prior to account reconciliation and performance calculation. Accounts are reconciled at the transaction, position and market value levels by portfolio analysts for both accounts with custody at DBSI and elsewhere. A secondary review of portfolio reconciliation takes place by a performance analyst prior to performance calculations to ensure underlying data integrity. The security prices and valuations contained on the quarterly performance reports are generally provided by DBSI's clearing broker/custodian, Pershing. Pershing contracts with a number of industry standard pricing services to supply pricing data for all securities in its custody. These prices are applied to the assets held for Pershing's clientele. By policy and practice, Pershing will not change a vendor-supplied price. If DBSI believes a vendor-supplied price to be incorrect, Pershing will ask the vendor for a review.

Performance is calculated on a daily basis for the current quarter and the previous quarter to ensure any transaction adjustments that cross quarters are captured in performance. All final reports are reviewed by the performance analyst prior to release of the report to the client.

### **Types of Securities**

Securities utilized in Wealth Advisory accounts include, but are not limited to: listed and OTC equity securities, American Depositary Receipts and ordinary shares of foreign issuers, corporate debt, commercial paper, convertible securities, structured notes, preferred securities, mutual funds, municipal securities, U.S. government securities, exchange-traded products such as ETFs, ETVs and ETNs, money market fund shares, exchange-traded limited partnership interests and options contracts on equity securities, market indices and exchange-traded funds. With respect to certain of these

securities, DBSI or an affiliate may be the issuer, sponsor, dealer, underwriter, investment adviser, investment manager or have a beneficial interest.

Client assets may also be invested in other securities of which DBSI or an affiliate of DBSI may be the issuer, sponsor or have a beneficial interest. These investments include, for example, certain structured notes and foreign currency investments. Affiliates of DBSI may receive compensation with respect to those investments in addition to the compensation paid to DBSI under the Wealth Advisory Program. To the extent that transactions in these securities are executed in a Wealth Advisory Mandate account on a principal basis they will be subject to disclosure and revocable client consent.

Investments made by a client in the Wealth Advisory Program are not insured by the Federal Deposit Insurance Corporation. Such investments are not deposits or obligations of a bank, nor are such investments guaranteed by any bank. Client assets are subject to investment risk, including the possible loss of principal amounts invested. DBSI does not guarantee a minimum level of performance by a Wealth Advisory Program account.

### **Material Risks**

Prior to entering into an investment management agreement with DBSI, you should carefully consider the following:

- Investing in securities involves risk of loss which you should be prepared to bear; securities markets experience varying degrees of volatility; and
- Over time the value of your assets may fluctuate and at any time be worth more or less than the amount you invested.

Investments made pursuant to services described in this brochure are not insured by the Federal Deposit Insurance Corporation. Such investments are not deposits or obligations of a bank, nor are such investments guaranteed by any bank. Client assets are subject to investment risk, including the possible loss of principal amounts invested. DBSI does not guarantee a minimum level of investment performance.

Below is a summary of the other material risks associated with some or all of the services described in this brochure:

**Active Management Risk.** Clients' accounts are actively managed. The success of a client's account that is actively managed depends upon the investment skills and analytical abilities of the portfolio manager to develop and effectively implement strategies that achieve the client's investment objective. Subjective decisions made by the portfolio manager may cause a client portfolio to incur losses or to miss profit opportunities on which it may have otherwise capitalized.

**Credit Risk.** Debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of, or income distributions from, a client portfolio, even if the client's exposure to the debt instrument is achieved through an investment in a mutual fund or ETF. The value of a fixed income security also may decline because of concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of debt obligations may be lowered if the financial condition of the party obligated to make payments with respect to such instruments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of debt obligations, a client portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument that the client owns or that underlies a mutual fund or ETF in which the client is invested. In order to enforce its rights in the event of a default, bankruptcy or similar situation, to the extent the client directly owns the debt instrument, the client may be required to retain legal or similar counsel at their own expense.

**Debt Market Risk.** Economic and other events (whether real or perceived) can reduce the demand for certain fixed income securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities and other investments can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, wider trading spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of

DBSI to sell or to realize the full value of such investments. Adverse market conditions may impair the liquidity of some actively traded investments.

**Duration Risk.** Duration measures the expected life of a fixed-income security, which can determine its sensitivity to changes in the general level of interest rates. Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. A portfolio of fixed-income securities or a mutual fund or ETF holding fixed-income securities with a longer dollar-weighted average duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter dollar-weighted average duration. Duration differs from maturity in that it considers a security's coupon payments in addition to the amount of time until the security matures. As the value of a security changes over time, so will its duration.

**ETF Risk.** Investing in an ETF exposes a client portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the cost of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on market demand, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, including because of a lack of liquidity in the shares of the ETF. A client account may not be able to liquidate ETF holdings at the time and price desired, which may impact performance.

**Equity Risk.** Portfolios may be sensitive to stock market volatility and some stocks within a client's portfolio or held by an ETF owned by the client may be more volatile than the market as a whole. The value of stocks and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations, as well as issuer or sector specific events. Market conditions may affect certain types of stocks (such as large-cap or growth stocks) to a greater extent than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline and, although stock values can rebound, there is no assurance that values will return to previous levels.

**Fixed-Income Securities Risk.** Fixed-income securities include traditional debt securities issued by corporations, such as bonds and debentures and debt securities that are convertible into common stock and interests. The market value of fixed-income securities is sensitive to changes in interest rates. In general, when interest rates rise, the fixed-income securities market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. Fixed income securities are subject to the credit risk of the issuer. Changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of fixed-income securities of that issuer.

Fixed-income securities may also be subject to yield curve risk. When the yield curve shifts, the price of a bond, which was initially priced based on the initial yield curve, will change. Keeping the duration of the bond portfolio relatively short reduces yield curve risk.

Fixed-income securities may also be subject to call risk. When interest rates are low, issuers will often repay the obligation underlying a "callable security" early, in which case the strategy may have to reinvest the proceeds in an investment offering a lower yield and may not benefit from any increase in value that might otherwise result from declining interest rates.

Additionally, fixed-income securities are subject to inflation risk, liquidity risk and reinvestment risk. Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities held under this strategy. Fixed-rate debt securities are more susceptible to this risk than floating rate debt securities. Liquidity risk is the risk that certain fixed income securities may be difficult to sell at the time and at the price the strategy would like, which may cause the strategy to hold these securities for longer than it would like or to forego other investment opportunities. Reinvestment risk is the risk that when interest income from debt securities is reinvested, interest rates will have declined so that income must be reinvested at a lower interest rate. A decline in income could affect a strategy's overall return.

**Foreign, Emerging and Frontier Markets Risk.** The value of a client portfolio may be adversely affected by changes in currency exchange rates and political and economic developments across multiple borders. In emerging or less developed countries, these risks can be more significant than in major markets in developed countries. Generally, investment markets in emerging and frontier countries are substantially smaller, less liquid and more volatile, and as a result, the value of a portfolio investing in emerging or frontier markets may be more volatile. Emerging and frontier market investments often are subject to speculative trading, which typically contributes to volatility. Emerging and frontier market countries also may have relatively unstable governments and economies. Trading in foreign, emerging and frontier markets usually involves higher expenses than trading in the U.S. A client portfolio with exposure to these markets may have difficulties enforcing its legal or contractual rights in a foreign country. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including political and economic risks.

**Increased Regulations.** Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

**Interest Rate Risk.** As interest rates rise, the value of a client portfolio invested primarily in fixed-income securities or similar instruments, including mutual funds or ETFs that hold fixed income instruments, is likely to decline. Conversely, when interest rates decline, the value of such a client portfolio is likely to rise. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. In a declining interest rate environment, prepayment of certain types of securities may increase. In such circumstances, the portfolio manager, or manager of a mutual fund or ETF, may have to reinvest the prepayment proceeds at lower yields. A strategy that is managed toward an income objective may hold securities with longer maturities and therefore be more exposed to interest rate risk than a strategy focused on total return.

**Lower Rated Securities.** Lower-rated bonds or non-investment grade bonds are commonly referred to as "junk bonds" or "high-yield/high-risk securities". Lower rated securities are defined as securities rated below the fourth highest rating category by a nationally recognized statistical rating organization. Such obligations are speculative and may be in default.

Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Lower rated or unrated (*i.e.*, high yield) securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Yields and market values of high yield securities will fluctuate over time, reflecting not only changing interest rates but the market's perception of credit quality and the outlook for economic growth. When economic conditions appear to be deteriorating, medium to lower rated securities may decline in value due to heightened concern over credit quality, regardless of prevailing interest rates. Clients should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Adverse economic developments can disrupt the market for high yield securities, and severely affect the ability of issuers, especially highly leveraged issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. In addition, the secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities. As a result, it may be more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were highly liquid. Furthermore, a portfolio may experience difficulty in valuing certain securities at certain times. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating a portfolio's value. Prices for high yield securities may also be affected by legislative and regulatory developments.

Lower rated or unrated fixed income obligations also present risks based on payment expectations. If an issuer calls the obligations for redemption, a portfolio may have to replace the security with a lower yielding security, resulting in a decreased return for clients.



**Market Risk.** Economic and other events (whether real or perceived) can reduce the demand for certain securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of the portfolio manager, or manager of a mutual fund ETF, to sell or to realize the full value of such adverse market conditions may impair the liquidity of some actively traded investments.

**Maturity Risk.** Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower returns than fixed income securities with longer maturities. The average maturity of a client portfolio's investments will affect the volatility of the portfolio's rate of return.

**Model Risk.** To the extent a strategy uses or implements investment models, such as asset allocation models, performance will be largely influence on the success of implementing and managing the investment models that assist in allocating assets. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual or disruptive events cause market moves, the nature or size of which are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event that actual events fail to conform to the assumptions underlying such models, losses could be incurred.

**Municipal Securities.** The municipal securities market could be significantly affected by adverse political and legislative changes, as well as uncertainties in the municipal securities market related to taxation or the rights of security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific asset may be adversely impacted by declines in revenue collection from the project or asset. Changes in the financial health of a municipality may make it difficult for it to make interest and principal payments when due.

**Real Estate Industry Risk.** Securities of companies principally engaged in the real estate industry may be subject to the risks associated with direct ownership of real estate. Risks commonly associated with the direct ownership of real estate, including through investment in a mutual fund or ETF that invests in real estate, include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions.

**Tax Risk.** The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account. Income from tax-exempt municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or non-compliant conduct of a bond issuer.

**Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a mutual fund or ETF may not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the mutual fund or ETF portfolio's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover and the use of leverage all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

**Use of Quantitative Investment Processes.** To the extent that DBSI utilizes quantitative investment processes in connection with its advisory offerings, those processes rely on proprietary quantitative models in seeking to exploit short-term and long-term relationships among securities prices and volatility. The models employed may not be well-suited to prevailing market conditions or may be unreliable, where unusual events specific to particular corporations or major events external to the operation of markets may cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. The models may be formulated based on past market data which may not be

indicative of future price movements. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.

**Risks of Option Holders.** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. The fact that options become valueless upon expiration means that an option holder must not only be right about the direction of an anticipated price change in the underlying interest, but he must also be right about when the price change will occur. If the price of the underlying interest does not change in the anticipated direction before the option expires to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

This contrasts with an investor who purchases the underlying interest directly and may continue to hold his investment, notwithstanding its failure to change in price as anticipated, in the hope of waiting out an adverse price move and eventually realizing a profit. The significance of this risk to an option holder depends in large part upon the extent to which he utilizes the leverage of options to control a larger quantity of the underlying interest than he could have purchased directly with the same investment amount.

The more an option is out of the money and the shorter the remaining time to expiration, the greater the risk that an option holder will lose all or part of his investment in the option. The greater the price movement of the underlying interest necessary for the option to become profitable (that is, the more the option is out of the money when purchased and the greater the cost of the option) and the shorter the time within which this price movement must occur, the greater the likelihood that the option holder will realize a loss. This does not necessarily mean that an option must be worthwhile to exercise in order for a holder to realize a profit. Instead, it may be possible for the holder to realize a profit by selling an option prior to its expiration for more than its original cost even though the option never becomes worthwhile to exercise. (The shorter the time remaining until expiration the less likely it is that this will be possible.)

The exercise provisions of an option may create certain risks for the option holders. If the option does not have an automatic feature, a holder who wishes to exercise must assure that action is taken in a timely manner. On the other hand, if the option has an automatic exercise feature - such as one that will cause the option to be automatically exercised at the expiration if it is in the money by a specified amount - the option may be exercised at a price at which the holder would not voluntarily choose to exercise in view of the transactions costs of exercise or other factors. The transaction costs associated with the exercise could even exceed the cash settlement amount of the option, with the result that the holder would realize a net loss from the exercise. Conversely, an option that has a cash settlement amount that is less than the threshold amount cannot be exercised even though the option holder's transaction costs may be low enough to permit the option to be exercised profitably. In such a case, the option may expire unexercised. The automatic exercise feature of capped options imposes a maximum value that a holder of these options can receive. Even if the option holder expects the value of the underlying interest to continue to move in a favorable direction prior to its expiration, the automatic exercise feature will prevent the holder from realizing any gain from the option in excess of the cap interval times the multiplier for the option.

**Risks of Option Writers.** The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying interest above the option price, but continues to bear the risk of a decline in the value of the underlying interest. Unlike a holder of the underlying interest who has not written a call against it, the covered call writer has (in exchange for the premium) given up the opportunity to profit from an increase in the value of the underlying interest above the exercise price.

If he is assigned an exercise, the net proceeds that he realizes from the sale of the underlying interest pursuant to the exercise could be substantially below its prevailing market price. The writer of an uncovered call is in an extremely risky position and may incur large losses if the value of the underlying interest increases above the exercise price. The potential loss is unlimited for the writer of an uncovered call. When a physical delivery uncovered call is assigned an exercise, the writer will have to purchase the underlying interest in order to satisfy his obligation on the call, and his loss will be the excess of the purchase price over the exercise price of the call reduced by the premium received for writing the call. (In the case of a cash-settled option, the loss will be the cash settlement amount reduced by the premium.) Anything that may cause the price of the underlying interest to rise dramatically, such as a strong market rally or the announcement of a

tender offer for an underlying stock at a price that is substantially above the prevailing market price, can cause large losses for an uncovered call writer.

As with writing uncovered calls, the risk of writing put options is substantial. The writer of a put option bears a risk of loss if the value of the underlying interest declines below the exercise price, and such loss could be substantial if the decline is significant. The writer of a put bears the risk of a decline in the price of the underlying interest – potentially to zero. A put writer of a physical delivery option who is assigned an exercise must purchase the underlying interest at the exercise price - which could be substantially greater than the current market price of the underlying interest - and a put writer of a cash-settled option must pay a cash settlement amount which reflects the decline in the value of the underlying interest below the exercise price. Unless the put is a cash-secured put, its writer is required to maintain margin with his brokerage firm. Moreover, the writer's purchase of the underlying interest upon being assigned an exercise of a physical delivery option may result in an additional margin call.

A requisite for writing puts is an understanding of the risks, the financial capacity and willingness to incur potentially substantial losses, and the liquidity to meet margin requirements and to buy the underlying interest, or to pay the cash settlement amount, in the event the option is exercised. A writer of an American-style put can be assigned an exercise at any time during the life of the option until such time as he enters into a closing transaction with respect to the option. Since exercise will ordinarily occur only if the market price of the underlying interest is below the exercise price of the option, the put writer of a physical delivery option can expect to pay more for the underlying interest upon exercise than its then market value.

The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest – and thereby assuming a spread position - or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant.

The obligation of a writer of an uncovered call or of a put that is not cash-secured to meet applicable margin requirements creates additional risks. If the value of the underlying interest moves against the writer's position, or if there is a significant change in the volatility or liquidity of the underlying interest, related interests, or the option, or if a brokerage firm otherwise requires, the firm may request significant additional margin payments. If those payments are not made, the firm may have the right to liquidate the options positions and other securities positions in the writer's account with little or no prior notice.

### **Voting Client Securities**

Generally, clients assume responsibility for voting proxies for securities held in the client's account. DBSI, therefore, will not vote proxies for securities held in client accounts. Clients may speak with their respective Adviser Select Managers or Consulting Direct Managers regarding having them act as attorney-in-fact and agent for the client to vote such proxies. In addition, clients assume responsibility for making all elections in connection with any merger, acquisition, tender offer, bankruptcy proceeding or similar corporate action relating to securities held in the account. DBSI will not advise or act for a client in any other legal proceedings affecting that client's account, including class actions.

## Item 7 - Client Information Provided to Portfolio Managers

When a client opens a Wealth Advisory account, a copy of the client's executed Wealth Advisory Services Agreement and Client Profile (or the information contained therein) may be sent to the appropriate Investment Manager. In addition to the Client Profile, which includes information regarding the client's financial situation, investment objectives and restrictions, DBSI may provide (a) to third parties, investment results of and other data concerning the client or the client's account (other than the client's identity) in connection with providing composite investment results of Wealth Advisory clients, (b) to the Investment Managers designated by the client, information furnished to DBSI in connection with the Wealth Advisory Services Agreement, periodic reviews, confirmations and other account information, and (c) to affiliates of DBSI, to the Investment Managers designated by the client, and to third party service providers (including Pershing) retained by DBSI, its affiliates or such Investment Managers, the client's identity, transactions and investments, including the results thereof, in connection with providing the Wealth Advisory services to such client. In certain circumstances Adviser Select Managers or Consulting Direct Managers may deliver information directly to clients, such as certain updates to such managers' Forms ADV Part 2.

DBSI will periodically meet with the client to review the client's profile, financial situation, investment objectives and account restrictions and will notify the third party managers of any changes in the client's circumstances, objectives or restrictions that could affect the management of the account.

## Item 8 - Client Contact with Portfolio Managers

DBSI does not place restrictions on contact between a client and a selected/appointed Adviser Select or Consulting Direct Manager. DBSI does attempt to coordinate all client communication through each client's DBSI Investment Specialist to ensure one point of contact is aware of all aspects of the client's relationship with DBSI. DBSI will attempt to facilitate access for the client to any Adviser Select or Consulting Direct Manager if requested by the client.

## Item 9 - Additional Information

### Disciplinary Information

DBSI is required to disclose the following disciplinary events as they may be considered material to a client's or prospective client's evaluation of DBSI's advisory business.

### Share Class Selection Disclosure Initiative Settlement

On March 11, 2019, DBSI, without admitting or denying the findings or conclusions therein, entered into a settlement with the Securities Exchange Commission ("SEC") following DBSI's self-reporting pursuant to the SEC Division of Enforcement's Share Class Selection Disclosure Initiative. The SEC approved the settlement in its Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order").

In the Order, the SEC alleged that DBSI purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible between January 1, 2014 and June 11, 2018. The SEC alleged that DBSI received 12b-1 fees from these clients that it would not have collected had such clients been invested in available lower-cost share classes. The SEC also alleged that DBSI failed to disclose conflicts of interest related to its receipt of 12b-1 fees and its selection of mutual fund share classes that pay such fees. The Order states that DBSI self-reported the alleged conduct to the SEC.

Pursuant to the Order, without admitting or denying the allegations, DBSI agreed to: (i) a censure; (ii) cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940; (iii) pay disgorgement \$2,657,063.46 and prejudgment interest of \$314,399.39, which amount will be paid in accordance with the terms of the Order; and (iv) comply with undertakings regarding, among other things, reviewing and correcting relevant disclosure documents as necessary, moving clients into lower-cost share classes as necessary, notifying affected investors of the settlement terms, reviewing and, if necessary, updating policies and procedures so that they are reasonably

designed to prevent violations of the Advisers Act in connection with disclosures regarding mutual fund share class selection.

### **Equity Research Settlement**

In October 2016, without admitting or denying any wrongdoing, DBSI consented to an entry of an order to cease and desist from committing or causing any violations and future violations of Sections 15(g) and 17(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 17a-4 thereunder and Rule 501 of Regulation AC. According to the SEC order, between January 2012 through December 2014, DBSI failed to establish, maintain, and enforce policies and procedures reasonably designed to prevent its equity research analysts from misusing material, nonpublic information by, among other things, disclosing analysts' as yet unpublished views and analyses that appeared in subsequent DBSI research reports, certain changes of estimates by analysts, and short term trading recommendations that were inconsistent with the analysts' published long term ratings. The SEC also alleged that DBSI violated the analysts certification requirement of Regulation AC because DBSI issued a research report prepared and certified by a senior equity research analyst that was inconsistent with the analyst's personally held views. Lastly, the SEC alleged that DBSI also failed to preserve, maintain, and timely produce to the SEC staff certain electronic communications that had been conducted on an internal DBSI messaging system. As part of the settlement, DBSI agreed to pay a civil monetary penalty of \$9,500,000 to the SEC.

### **Internal Broadcast Transmissions**

In August 2016, FINRA alleged that DBSI violated NASD and FINRA rules in connection with the firm's failure to establish, maintain and enforce adequate supervisory systems, written policies and procedures, including written supervisory procedures, reasonably designed to supervise certain registered representatives' access to internal broadcast system speakers in transmissions known as "Hoots" or their communications with customers regarding Hoots. Without admitting or denying the findings, DBSI was censured and paid a monetary fine of \$12,500,000. DBSI also undertook to provide a written certification by a duly authorized Senior Officer that it has adopted and implemented supervisory systems and written procedures reasonably designed to achieve compliance with FINRA Rules and federal securities laws with respect to Hoots.

### **Investment Banking Engagement**

In December 2014, FINRA alleged that DBSI violated NASD and FINRA rules in that in an effort to win investment banking business from a specific company, DBSI's equity research analyst participated in the firm's solicitation efforts and the firm offered favorable research coverage to the company to induce the company to award the firm its investment banking business. The company and its private equity owners (sponsors) asked DBSI to provide a firm-wide valuation that the firm, including its analyst, would be expected to support after the company awarded its IPO business. DBSI complied and the company and its sponsors selected the firm as an underwriter and co-bookrunner for the company's IPO. The company eventually decided not to proceed with the offering. DBSI was censured and paid a monetary fine of \$4,000,000.

### **Research Analyst Settlement**

In August 2004, the SEC, the NYSE, NASD Regulation (now FINRA) and DBSI agreed to a settlement in connection with a joint investigation into research analyst conflicts of interest at DBSI and several other large investment banking firms. The SEC filed a complaint (the "Complaint") against DBSI in the United States District Court for the Southern District of New York (the "District Court") in a civil action captioned Securities and Exchange Commission v. Deutsche Bank Securities Inc. DBSI executed a consent and undertaking in which DBSI neither admitted nor denied any of the allegations in the Complaint, except as to jurisdiction, but consented to the entry of a final judgment against DBSI by the District Court (the "Final Judgment"). The Final Judgment, among other things, enjoined DBSI, directly or through its officers, directors, agents and employees, from violating Section 17(b) of the Securities Act of 1933 (the "Securities Act"), Section 17(b) of the Exchange Act, NASD Rules 2110, 2210 and 3010 and NYSE Rules 342, 401, 472 and 476. Additionally, the Final Judgment ordered DBSI to make payments of: (a) \$50 million, offset in the amount of \$25 million paid by DBSI pursuant to its agreements with state regulators in related proceedings, (b) \$25 million to fund the provision of independent research to investors, (c) \$5 million to promote investor education, and (d) \$7.5 million in connection with allegations concerning Section 17(b) of the Exchange Act.

## **Market Timing Settlement**

In December 2006, the SEC and DBSI agreed to a settlement in connection with allegations by the SEC that a registered representative (RR) of DBSI engaged in market-timing and late trading of mutual funds, and that DBSI had no procedures and systems to prevent and detect the RR's fraudulent conduct. The SEC alleged that the RR violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The SEC also alleged that DBSI violated Rule 22c-1, as adopted under Section 22(c) of the Investment Company Act of 1940, the RR aided and abetted DBSI's violations of Rule 22c-1 and DBSI failed reasonably to supervise the RR, with a view to preventing his violations of the antifraud provisions and Rule 22c-1 of the federal securities laws, pursuant to Section 15(b)(4) of the Exchange Act. Without admitting or denying the SEC's findings, DBSI agreed to be censured; agreed to cease and desist from committing or causing any violations and any future violations of Rule 22c-1(a), and agreed to pay \$202,835 in disgorgement and \$37,284 in prejudgment interest, plus a civil money penalty in the amount of \$202,835, for a total payment of \$442,954.

## **Initial Public Offerings**

In May 2004, DBSI paid a fine of \$481,000 and disgorged \$4.81 million in profits in connection with allegations that DBSI violated NASD Conduct Rule 2110 in connection with its allocation and sale of initial public offerings (IPOs) from September 1999 through March 2000. The NASD found that DBSI received without inquiry \$4.81 million in unusually high agency commissions on listed agency trades from ten customers within one day of allocating IPO shares to such customers. DBSI received commissions set by these customers of up to \$1 per share to execute institutional-sized agency trades in listed securities. By receiving these payments from certain customers without inquiry while providing the customers with IPO allocations the NASD found that DBSI failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110. DBSI neither admitted nor denied the NASD's findings.

## **Conflicts of Interest Disclosures in Research**

In July 2004, DBSI reported to the SEC, the NYSE and the NASD that it had experienced problems with its collection and processing of research report conflict disclosures. Specifically, during the period of July 2002 through July 2004, DBSI failed to include conflict disclosures on its published reports in violation of NYSE Rule 472(k). DBSI also violated NYSE Rule 476(a)(6) by engaging in conduct inconsistent with just and equitable principles of trade by publishing research reports without required conflict of interest disclosures and violated NYSE Rule 342 in failing to establish and maintain appropriate procedures and systems and establish separate systems of follow-up and review to adequately supervise the inclusion of required conflict of interest disclosures on published research reports and in connection with research analysts' public appearances. DBSI was censured and paid a monetary fine in connection with such activities amounting to \$950,000.

## **Prospectus Delivery**

In October 2007, the NYSE censured and fined DBSI \$1.25 million in connection with DBSI's failure to ensure delivery of prospectuses to customers who purchased securities and mutual funds, to deliver product descriptions to customers who acquired exchange-traded funds, and to establish and maintain appropriate procedures of supervision and control with respect to these activities. As part of the settlement DBSI agreed to certify that its current policies and procedures are reasonably designed to ensure compliance with current federal securities laws and NYSE rules in these areas. DBSI neither admitted nor denied the NYSE's findings.

## **Auction Rate Securities**

In June 2009, the SEC brought an action in the U.S. District Court for the Southern District of New York. The SEC's complaint (Complaint) alleged that DBSI misled its customers about the fundamental nature and increasing risks associated with auction rate securities (ARS) that it underwrote, marketed and sold. The Complaint further alleged that DBSI, through client advisers, third party marketing materials and account statements, misrepresented ARS to its customers as safe, highly liquid investments comparable to cash or money market instruments, and that DBSI reinforced this perception by committing its own capital to support ARS auctions for which it served as the lead manager to ensure that those auctions did not fail. Without admitting or denying the allegations in the Complaint, DBSI consented to the entry of an injunction permanently enjoining it from engaging in violations of Section 15(c) of the Exchange Act. In addition, DBSI must offer to buy back ARS that were purchased from DBSI and that have failed since February 13, 2008 from retail customers, legal entities forming investment vehicles for family members, charities and certain small and medium-sized businesses. DBSI made such an offer to eligible customers, which offer ended on June 30, 2009. In addition, DBSI is

required to make its best efforts to provide liquidity solutions to institutions and other customers not covered by the buyback. DBSI is also obligated, by June 30, 2009, to reimburse certain customers who took out loans secured by ARS for any interest paid in excess of the interest or dividends received on the ARS, or who sold their ARS below par. DBSI will submit progress reports until the end of 2009 detailing its progress with respect to these undertakings. Finally, DBSI agreed, until December 31, 2009, not to liquidate its own inventory of a particular ARS without making that liquidity opportunity available to its institutional and other customers holding the same ARS in their accounts and that have placed a limit order to sell such securities at the same price or better, or otherwise have informed DBSI of their intention or willingness to sell such securities at the same price or better.

### **Vonage Directed Share Program**

In September 2009 FINRA found that DBSI, one of three lead underwriters for the May 2006 initial public offering of the common stock of Vonage LLC, failed to establish supervisory procedures and systems reasonably designed to supervise the activities of a third party company to whom DBSI outsourced communications with DBSI's customers through a website developed by the third party company to administer Vonage's directed share program. While neither admitting nor denying FINRA's findings, DBSI paid a \$100,000 fine in connection with the matter. Pursuant to the terms of the settlement, DBSI will, among other things, provide restitution to eligible customers who provide DBSI with certain executed certifications.

## **Other Financial Industry Activities and Affiliations**

### **General**

DBSI's principal business is that of a full-service broker-dealer. DBSI is a registered broker dealer under the Exchange Act, and is a member of the New York Stock Exchange and other principal exchanges in the United States. As such, it executes orders to buy and sell securities as agent; purchases and sells securities as principal; acts as a primary dealer in U.S. Government securities; structures, underwrites and deals in money market instruments, commercial paper, and municipal, asset-backed and corporate debt and equity securities; arranges private placements of securities; renders investment banking and other financial advice to corporate clients; and acts as an agent in the origination and sale of loans.

DBSI and Investment Managers may perform advisory and/or brokerage services for various clients and may give advice or take actions for other clients that differs from the advice given or the timing or nature of any action taken for any client's account.

Clients should be aware that, when serving in the capacity of broker, DBSI may have an incentive to recommend investment products to the client based on commissions to be paid to DBSI or an affiliate rather than the needs of the client. Moreover, as a registered broker-dealer and market maker, DBSI may hold, as inventory or otherwise, securities owned by or recommended to clients, and may, consistent with DBSI's policies and procedures and applicable law, and as described below, engage, as principal, in transactions with such clients or act as agent for one or more clients, including in respect to transactions where DBSI (or an affiliate) recommended the transaction or executed the transaction pursuant to a grant of discretionary authority. Accordingly, clients should be aware that they have the option to purchase investment products recommended by DBSI through other brokers or agents not affiliated with DBSI.

Adviser Select Managers and Consulting Direct Managers may execute transactions for clients through DBSI or through other broker-dealers in accordance with their obligations to achieve best execution with respect to the client's account. In this regard, DBSI does not monitor or evaluate whether an Adviser Select Manager or Consulting Direct Manager meets its best execution obligations on transactions executed for client accounts. Adviser Select and Consulting Direct Managers may also utilize DBSI or its affiliates to execute securities transactions for individuals or entities that are not clients of DBSI. In connection with these transactions, DBSI or its affiliates may earn compensation.

DBSI and its affiliates offer a wide range of investment services to hedge funds, money market funds and other mutual funds. These funds and their affiliates may utilize brokerage or other services of, or pay referral fees to, Deutsche Bank Securities Inc. or an affiliate thereof. DBSI or the Investment Managers may recommend and exercise discretion with respect to securities, including interests in hedge funds and mutual funds, in which DBSI, its associated persons and/or its affiliates may have a position or beneficial interest, or for whom it or its affiliates provide other services.

In connection with the provision of Wealth Advisory Program services, DBSI and/or its affiliates may receive licensing fees from the ETFs or their affiliates in connection with indices underlying the ETFs. They may also receive fees from the ETFs

and/or the mutual funds or their affiliates in connection with the promotion, marketing and distribution of the funds. DBSI, Adviser Select Managers or Consulting Direct Managers may elect to use ETFs or mutual funds advised by affiliates of DBSI. Affiliates of DBSI will earn management and other fees and other benefits (such as the ability to grow the size of assets under management, which may increase the attractiveness of the fund to other potential investors) through the use of affiliated ETFs and mutual funds in connection with the Wealth Advisory Program services. DBSI and its affiliates also act or may act as authorized participants and market makers for a number of the ETFs that may be used in connection with Wealth Advisory Program services. In these roles, DBSI and such affiliates earn transaction-based compensation in connection with the trading of the instruments. These affiliations may create an incentive for DBSI to recommend these ETFs.

### **CFTC Registrations**

DBSI is registered as a Commodity Pool Operator and Futures Commission Merchant with the CFTC. A list of DBSI's principals is available on DBSI's National Futures Association registration page (NFA ID: 0210600).

### **Other Affiliations**

DBSI is a wholly-owned subsidiary of Deutsche Bank US Financial Markets Holding Corporation, and indirectly a wholly-owned subsidiary of DB USA Corp. DB USA Corp. is a direct, wholly-owned subsidiary of Deutsche Bank AG, the German corporation.

Since Deutsche Bank AG, its affiliates, directors, officers and employees (the "Firm") are engaged in businesses and have interests other than advising DBSI clients, such other activities involve real, potential or apparent conflicts of interest in engaging in these activities outside of investment management, these parties may act in their own interest or in the interests of third parties other than DBSI's clients. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by DBSI for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of DBSI's advisory clients. Present and future activities of the Firm in addition to those described herein may also result in conflicts of interest that may be disadvantageous to DBSI's clients.

Described below are related persons that DBSI has arrangements with that may be material to its advisory business. Employees of DBSI may be authorized to act on behalf of one or more of these entities. Additionally, employees of DBSI related persons may be authorized to act on behalf of DBSI. DBSI may utilize, suggest or recommend other services of any of its affiliates. The services involved will depend upon the services offered by the affiliate. The arrangements between DBSI and its affiliates may involve revenue sharing or joint compensation based upon each entity's activities for the client.

DBSI has established a variety of policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Firm's businesses. It is DBSI's policy that DBSI personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally (but not exclusively) without knowledge of the interests of proprietary trading and other operations of the Firm and/or personnel of the Firm. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Firm and/or personnel of the Firm, it is DBSI's policy to disclose their existence in general form through this Form ADV or directly to clients.

DBSI acts as a fiduciary with respect to its advisory activities and owes its clients a duty of undivided loyalty. As a fiduciary, DBSI is required to act solely in the best interests of the clients whose assets it manages. On occasion, other entities within the Firm may have engagements and responsibilities which could give the appearance of a conflict with DBSI's duty of loyalty. To minimize these conflicts, as a general matter, DBSI employees associated with the investment process (including portfolio managers, research analysts and traders) have no contact with employees of the Firm outside of DBSI regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by DBSI Compliance.



## **Broker-Dealers**

DBSI has material arrangements with the following related persons that are US-registered broker-dealers and may utilize their services to effect securities transactions for clients.

DWS Distributors, Inc. (DDI) is a registered broker-dealer under the Exchange Act and is a principal underwriter for the DWS Funds supporting the DWS retail distribution channel. DDI also supports the DWS institutional distribution channel, Absolute Return Strategies and RREEF America (real estate investment management) groups.

## **Investment Companies**

DWS acts in an advisory or sub-advisory capacity to a variety of U.S. and non-U.S. investment companies for which DWS or an affiliate acts as adviser, manager or distributor. In connection with these investment companies, certain DWS employees may serve as directors, trustees or officers. Arrangements with respect to the sale of US registered investment companies are disclosed in each mutual fund's prospectus in accordance with the disclosure requirements under the Investment Company Act of 1940, as amended (Investment Company Act). The sale and distribution of other pooled investment vehicles not subject to the Investment Company Act is made in accordance with applicable law.

## **Investment Advisers**

DBSI is an affiliate of Deutsche Investment Management Americas Inc., which serves as the administrator and/or adviser of several mutual funds, including the Deutsche Family of Funds and the Cash Reserves Fund Institutional. These funds may be offered to the brokerage and advisory clients of DBSI. These funds also may utilize the brokerage services of DBSI in connection with their portfolio investments.

DBSI is an affiliate of DBX Advisors LLC, which serves as the advisor of the db X-trackers family of ETFs. These funds may be offered to the brokerage and advisory clients of DBSI.

DBSI may have co-advisory, sub-advisory or participating affiliate relationships with affiliated advisers as required for proper management of particular client accounts and in accordance with applicable law. In addition, DBSI may participate in sub-advisory, co-advisory or other joint projects related to investment companies with institutions not a part of the Deutsche Bank group of affiliates provided such relationships comply with applicable law.

## **Banking Institutions**

The following banking institutions are related persons of DBSI:

Deutsche Bank AG is a publicly traded international commercial and investment banking concern listed on the Frankfurt and New York Stock Exchanges and is the indirect parent of DBSI and its affiliates. Deutsche Bank AG New York Branch, New York, NY is a branch office of Deutsche Bank AG.

## **Partnerships**

From time to time, DBSI or its affiliates may act as general partner, managing member or other controlling entity in private investment vehicles that may invest in securities, commodities, real estate or other investments in which DBSI's clients may be solicited to invest. Absent specific authority, DBSI does not exercise any discretionary authority with respect to client decisions to invest in such vehicles.

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

### **Code of Ethics**

Pursuant to the requirements of the Advisers Act, DBSI has implemented a code of ethics (the "Code of Ethics"), which is available to Clients at any time upon request, and is designed, among other things, to manage potential conflicts of interest arising in connection with personal trading and to ensure that employee personal trading and knowledge of client transactions does not impermissibly disadvantage any Client's account. Pursuant to the Code of Ethics, employees working in connection with DBSI's investment advisory programs must, among other things:

- Receive prior supervisory approval before purchasing any securities in a private placement;
- Receive prior supervisory approval to serve on a board of directors of a publicly traded company;

- Receive prior supervisory approval to engage in certain other outside activities that may conflict with DBSI's obligations to its clients;
- Pre-clear all of their personal securities transactions in securities that are not exempt from the Code of Ethics;
- Not purchase a security pursuant to an initial public offering; and
- Disclose their securities accounts to DBSI upon hire and annually thereafter.

Additionally, Wealth Advisory Mandate Advisers may not enter an order to purchase or sell a security or option thereon based upon knowledge of an impending client order or trade in the same security. If on the same day that a client transacts a trade in a security, the Wealth Advisory Mandate Adviser enters any order for an Employee or Employee-Related Account and receives a better execution than their client, the trade will either be corrected to provide the client order with the better execution terms, or the employee trade will be cancelled outright. Any loss will be borne by the employee.

DBSI Investment Specialists may aggregate similar orders at the time of order generation for all investment accounts, including proprietary accounts under management (accounts in which DBSI, its affiliates, its directors, officers or employees or its affiliates' directors, officers or employees have a direct or indirect proprietary interest other than non-material interests acquired through normal course purchases). In the event that similar orders are not aggregated, clients may incur greater execution expenses than if the orders had been aggregated.

All employees are subject to personal securities reporting obligations. Employees are also required to disclose their securities accounts to the Firm upon hire and annually confirm the information. DBSI has policies and procedures in place which prohibit DBSI employees from accepting or offering gifts, entertainment and other things of material value that may create a conflict of interest or give the appearance of a conflict of interest. The policies impose specific restrictions and require supervisory approval of certain gifts and entertainment.

In general, the policies dictate that giving and receiving gifts or participating in entertainment cannot occur if the value and/or the frequency of the gift or entertainment is excessive or extravagant. The policies impose specific restrictions and require approval of certain gifts and entertainment.

Any employee who violates the Code of Ethics may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of the Code of Ethics, such as short-term trading or trading during blackout periods, may subject the employee to sanctions, ranging from warnings to trading privilege suspensions, including but not limited to, unwinding the trade and/or disgorging the profits as well as additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

The Firm is a major participant in global financial markets and it acts as an investor, investment banker, investment manager, financier, advisor, market maker, trader, prime broker, lender, agent and principal in the global fixed income, currency, commodity, equity and other markets in which DBSI's advisory accounts directly and indirectly invest. As permitted by and in conformity with applicable laws and regulations, DBSI's advisory accounts will invest in, engage in transactions with, or obtain services from entities for which the Firm performs or seeks to perform banking or other services. Additionally, it is likely that DBSI's advisory accounts will undertake transactions in securities in which the Firm makes a market or otherwise has direct or indirect interests. DBSI makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of the Firm may have a negative or detrimental effect on advisory accounts of DBSI.

DBSI may take investment positions in securities in which other clients or related persons within the Firm have different investment positions. There may be instances in which DBSI is purchasing or selling for its client accounts securities in which the Firm is undertaking the same or differing strategy in other businesses or other client accounts. Prices, availability, liquidity and terms of the investments may be negatively impacted by the Firm's activities and the transactions for DBSI's clients may, as result, be less favorable. The investment results for DBSI's clients may differ from the results achieved by the Firm and other clients of the Firm. In addition, results among DBSI clients may differ.

For a summary of the restriction of the flow of certain information between DBSI and other parts of the Firm, please see "Information Barriers" below. As noted, DBSI makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts independent of what decisions may be made by or in other parts of the Firm.

## **Information Barriers**

The Firm may come into possession of confidential, material non-public information particularly in connection with its commercial and investment banking activities. The Firm, including DBSI, has internal procedures in place intended to limit the potential flow of any such non-public information.

Should DBSI come into any material, non-public information, DBSI has procedures that prohibit trading activities based on such information by DBSI for its clients and by DBSI employees. DBSI may not use material, non-public information obtained from any division of the Firm when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances in which senior management of DBSI, not involved in the investment process, may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within the Firm. However, when in possession of material, non-public information, senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within DBSI involved in the investment process (e.g., portfolio managers, research analysts and traders) for use in investment activities.

## **Errors and Corrections**

In accordance with its policy, any error that affects a DBSI client account must be resolved promptly and fairly, and in accordance with legal/regulatory restrictions and guidelines. It is DBSI's policy to make the client whole with respect to any trade error losses incurred by the client and caused by DBSI. Depending on the circumstances, corrective actions may include cancelling the trade, adjusting an allocation, and/or reimbursing the account. Any gains incurred when correcting a client account's trade error caused by DBSI are retained by the client.

## **Review of Accounts**

Investment performance and investment objectives and guidelines are reviewed by DBSI Investment Specialists on at least an annual basis with the client. Clients are encouraged to consult with their DBSI Investment Specialists periodically to discuss their portfolios and account information and to report promptly any changes to their investment objectives, restrictions and guidelines.

Each client also receives written detailed quarterly reports from DBSI, including time-weighted performance and comparative performance to various indices and, depending on the program, two peer groups. These indices may vary depending on the assets in the client's account. An account must be open for a complete calendar quarter in order for a performance report to cover that quarter, and the advisory fees will not be reduced if performance reporting is not provided with respect to the account that was not open during such complete calendar quarter. Certain assets held in foreign currencies may not be included in these reports. Clients that obtain custodial services through DBSI receive a monthly account statement and transaction confirmations for trades executed through DBSI. In addition, those clients may elect to waive receipt of paper trade confirmations and accept trade confirmations in electronic form.

With respect to certain Wealth Advisory clients for which any of (i) DBSI, or (ii) a Consulting Direct Manager or Adviser Select Manager, or (iii) third-party investment manager exercise investment discretion, clients may elect to participate in the Wealth Advisory Confirm Waiver Program and receive quarterly trade confirmations instead of a separate confirmation each time account managers carry out a trade. The Wealth Advisory Confirm Waiver Program is not available to Wealth Advisory Mandate clients. DBSI's acceptance of clients in the Wealth Advisory Program is not conditioned on clients participating in the Wealth Advisory Confirm Waiver Program. If clients elect to participate in the Wealth Advisory Confirm Waiver Program, clients may revoke the selection at any time by notifying the Investment Specialist in writing and may receive, upon request and for no additional fee, trade confirmations for any prior transactions effected within one year of the last quarterly trade confirmation received during a waiver period. Unless clients provide different instructions, DBSI will deliver trade confirmations the same way for all existing and future accounts where it is permitted to do so. The Wealth Advisory Confirm Waiver Program differs from the option for Client to elect to receive electronic, rather than paper, trade confirmations. Clients will pay no additional fees should they elect to participate in the Wealth Advisory Confirmation Waiver Program or should they revoke the selection in the future. Clients must contact the Investment Specialist for any additional information regarding the Wealth Advisory Confirm Waiver Program.

## **Client Referrals and Other Compensation**

DBSI may pay referral fees to affiliated or unaffiliated persons or entities that refer clients to the Wealth Advisory Program. Such referral arrangements are designed to comply with applicable provisions of the Advisers Act. The fees paid to any such entity will typically consist of a payment as a percentage of the wrap fee program fee or as a percentage of assets under management.

### **Withdrawal of Securities or Cash**

Clients may withdraw securities or cash from their Wealth Advisory account subject to any applicable provisions in the Wealth Advisory Services Agreement or any agreement with their custodian for such securities or cash.

### **Options**

Certain Wealth Advisory programs may include the use of options transactions. Wealth Advisory clients whose accounts may utilize options will be required to sign an options agreement with DBSI, agree to read the "Characteristics and Risks of Standardized Options" brochure (the "Options Disclosure Form") that will be sent to the client upon the opening of an options account, and acknowledge the risks relating to options transactions. DBSI's Senior Registered Options Principal must approve the account for the proposed level of options trading. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a stock (or other security) for a specified price on or before a specific date. There are two types of options: a call (giving the right to buy the security), and a put (giving the right to sell the security). The person who purchases an option, whether it is a put or a call, is the option "buyer" or "holder." Conversely, the person who originally sells the put or call is the option "seller" or "writer" of the option. Certain Wealth Advisory accounts and programs may include covered call writing, purchasing protected puts, and/or buying or selling call options and put options, both covered and uncovered. DBSI may act as the option seller or the option buyer. Options are not suitable for all investors. There are risks involved in any option strategy and clients should not agree to utilize any Wealth Advisory service that utilizes options transactions until they have read and understood the Options Disclosure Form and the risks associated with options trading.

To the extent options are utilized in a Wealth Advisory account, the client may be required to agree to the use of margin. A margin transaction is one in which the client borrows funds from DBSI to purchase securities. If margin is utilized in the account, the client may be charged interest, mark-up or other fees with respect to the margin amounts, and may be charged the costs incurred by DBSI in establishing and maintaining margin in the account. If margin is used, the securities purchased become the collateral for the loan, so if the value of the securities declines, so does the collateral for the loan. When this happens, DBSI can issue a margin call, requiring the client to put more funds into the client's account, or can sell assets to maintain the required amount of equity. As a result, margin transactions pose the following risks and conflicts of interest: (a) the client can lose more money than deposited, (b) DBSI can force the sale of assets in the client's account if the value of the assets falls below certain levels, (c) DBSI is not legally obligated to contact the client before selling assets to meet a margin call, (d) the client is not entitled to choose which assets are liquidated to meet a margin call, (e) DBSI is entitled to increase the amount of required margin in the client's account and is not required to notify the client, (f) the client is not entitled to an extension of time on a margin call, and (g) with respect to the margin loan and collateral, DBSI will act in the capacity of a lender and may take the actions described in (b) through (f), above, which may be in conflict with the client's best interests and with DBSI's role as an investment adviser to the client's account. In authorizing the use of margin, the client will be required to make several representations to DBSI concerning the client's understanding of the role of margin, including that the use of margin increases the risk of loss to the client.

### **Custodial and Clearing Services**

Except as otherwise provided herein, client assets are held by, and transactions are cleared through, Pershing, which also acts as our qualified custodian. In addition, DBSI will settle securities transactions executed for the client's account, as well as provide clients with transaction confirmations and account statements with respect to securities transactions conducted for the client's account. DBSI has entered into a correspondent agreement with Pershing, which is an unaffiliated clearing firm, to execute and clear transactions for client accounts. Clients who receive account statements from us as well as from Pershing are urged to compare the account statements received from Pershing with those received from DBSI.

### **Best Execution**

In any transaction for or with a client, DBSI will use reasonable diligence to ascertain the best market for a security and will buy or sell in such market so that the resultant price to the client is as favorable as possible under prevailing market conditions.

Best execution necessarily involves a facts and circumstances analysis. DBSI uses the “reasonable diligence” standard and considers the following factors:

- The character of the market for the security (e.g., price, volatility, relative liquidity, and pressure on available communications);
- The size and type of transaction; and
- The accessibility of the quotation.

DBSI generally routes its order flow to its clearing firm, Pershing. DBSI takes reasonable steps to ensure that Pershing is complying with the duty of best execution and that DBSI’s client orders are executed in a manner consistent with regulatory requirements.

### **Use of Assets as Collateral**

In certain circumstances, the client may wish to enter into a loan agreement with DBSI and utilize assets in the client’s Wealth Advisory account as collateral for the loan. In these situations, the loan would not be used to acquire securities for the client’s Wealth Advisory account or for any other advisory account at DBSI. However, the loan may be used by the client to acquire securities in a non-advisory brokerage account (also known as a margin loan), or for purposes unrelated to the purchase and sale of securities (also known as a non-purpose loan). DBSI is not recommending that the client enter into the loan or suggesting, if the client determines to enter into the loan, that the client use DBSI or any of its affiliates as the lender. The client is responsible for independently evaluating whether the loan is suitable for it and its account, whether the terms on which DBSI is willing to lend to the client are acceptable to the client and whether the loan will have adverse tax, investment, accounting or other implications for the client and the account.

At the client’s election and assuming it is acceptable to DBSI, securities in the client’s Wealth Advisory account may be used as collateral for these loans using the values and haircuts provided by DBSI, in its sole discretion. DBSI may use different valuations for the securities in connection with any loan than those values reflected on your statements or for other purposes. The collateral values that DBSI provides may be materially different than the fair value of the instruments.

There are certain risks and conflicts of interest that arise when DBSI lends to a client against a pledge of the client’s advisory assets, including: (a) DBSI receives fees and interest from the client in connection with the loan (which fees and interest may be substantially higher than those charged by other lenders), (b) a situation could arise where the value of the account is zero and the client still owes money on the loan, (c) the client will no longer have the benefit of segregation rights for its pledged assets but, instead, will grant DBSI full rights to re-hypothecate the pledged assets and use them in DBSI’s own business, thereby increasing the client’s credit exposure to DBSI upon an insolvency of DBSI to the extent that the value of the pledged assets are greater than the value of the loan, (d) DBSI may force the sale of assets in the client’s Wealth Advisory account if the value of those assets falls below certain levels, (e) DBSI is not obligated to contact the client before selling assets to enforce its right under the loan and may sell the assets in any manner it chooses in its sole discretion, including for prices that are less than the value that the client believes the assets are worth or are not the best available, (f) the client is not entitled to select which assets are liquidated to meet a margin call or satisfy a repayment requirement under the terms of the loan and DBSI may select assets for liquidation that the client wishes to retain, or that may be difficult for the client to replace, or that have a low tax basis and, thus, through the liquidation, create an adverse taxable event for the client, (g) DBSI is entitled to require the client to provide collateral substantially in excess of statutorily required margin levels and to increase the amount of required margin in the client’s Wealth Advisory account at any time (including intra-day) without prior notice to the client, (h) the client is not entitled to an extension of time on a margin call, (i) the timing and sizes of sales by DBSI of securities in the account in connection with DBSI’s enforcement of its rights pursuant to the loan might be different than if those securities were not used as collateral in connection with the loan, (j) the loan itself as well as the selling of collateral in the accounts by DBSI pursuant to the terms of the loan may negatively impact the performance of the account and, in the event of quick liquidations of securities pledged as collateral, may adversely affect the price of the underlying securities and, thus, the value of other accounts of the client, (k) with respect to the loan and collateral, DBSI will act in the capacity of a lender and may take the actions described above, which may be in conflict with the client’s best interests and with DBSI’s role as an investment adviser to the client’s Wealth Advisory account

including, without limitation, selling the loan to a third party that has no relationship with the client, (l) since DBSI has not developed customer statements or performance reports that reflect the impact of the loans on a client's account, clients must review the different types of reports generated for their margin loan, their advisory account and any account in which the loan proceeds are reinvested to determine the impact of the loan on their investment performance, including material adverse trends, (m) DBSI or any person to whom it has transferred or sold the loan may call the loan at any time, even if such time is unfavorable to the client or the client does not, to the knowledge of DBSI or such transferee, have sufficient funds to repay the loan at such time and (n) DBSI does not act as an investment adviser to the client with respect to any assets (including securities) which the client may acquire with the proceeds of the loan. In addition, to the extent that assets in a Wealth Advisory account managed by a third party manager are used as collateral for a loan and DBSI is required to liquidate assets in that account to meet a margin call or satisfy a repayment requirement, that third party manager will not have any control or discretion over which assets DBSI selects to liquidate and the liquidation may adversely impact the manager's strategy. DBSI will not notify the third party manager of the loan or of its liquidation of assets in the account due to actions taken in connection with a loan.

In authorizing the use of margin and the entering into a loan with DBSI, the client will be: (a) deemed to consent to incurring the risks described above, (b) deemed to consent to the conflicts of interest on the part of DBSI and its affiliates, including, without limitation, conflicts arising due to their dual role as lender and as investment manager for the client, and (c) required to provide written representations, agreements and consents to DBSI, on which DBSI will rely in extending a loan, concerning a number of risks and conflicts, including those described herein, as well as representations regarding the client's sophistication, understanding of the role of margin, including that the use of margin increases the risk of loss to the client, and non-reliance on DBSI and its affiliates for advice regarding the loan.

### **Privacy Notice**

At the time of opening a Wealth Advisory account, the client will receive a copy of DBSI's Privacy Notice, which describes DBSI's privacy policy and applies to customers to whom the privacy notice marketing restriction provisions of the Financial Modernization Act of 1999 apply. In addition, in connection with establishing a relationship with an Adviser Select Manager other than a representative of DBSI, the client will receive a copy of such Adviser Select Manager's Privacy Notice. On an annual basis, DBSI will deliver to the client the privacy notice of each Adviser Select Manager selected by the client. Additional copies of such Privacy Notices are available upon request.

### **Terms of Agreement**

DBSI may change the terms of the Wealth Advisory Program at any time on 30 days' written notice to a client. DBSI or the client may terminate the services hereunder at any time, and in such case, the client will be refunded any prepaid fees, prorated to the date of termination.