



## **Item 1: COVER PAGE**

Form ADV Part 2A

First Citizens Asset Management, Inc.  
Form ADV, Part 2A (APPENDIX 1-WRAP Brochure)  
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This wrap fee program brochure provides information about the qualifications and business practices of First Citizens Asset Management, Inc. (also referred to as “FCAM”, “we”, “us”, “our/ours” or “Advisor”). If you have any questions about the contents of this brochure, please contact us at 800-229-0205. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about First Citizens Asset Management, Inc. is also available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can view our firm’s information on this website by searching for First Citizens Asset Management, Inc. Our Firm’s SEC number is 801-79917 and our CRD number is 140777.

First Citizens Asset Management, Inc. (“FCAM”) is a Securities and Exchange Commission (SEC) registered investment Advisor under the Investment Advisors Act of 1940. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. FCAM is a corporation formed under the laws of the State of South Carolina and is wholly owned by First-Citizens Bank & Trust Company, which in turn is a wholly owned subsidiary of First Citizens BancShares, a publicly traded company.

**Item 2: MATERIAL CHANGES**

Item 1-Cover Page: Correction that First Citizens Bank & Trust is not publicly traded, rather the parent company, First Citizens BancShares, is the publicly traded entity.

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#### **Item 4: SERVICES, FEES and COMPENSATION**

FCAM oversees clients' portfolios based upon the client's risk profile, investment horizon, financial goals, income (current and potential), tax bracket, portfolio size, net worth, and other aspects of the client's financial profile. The FCAM WRAP Program consists of three programs all of which are offered as "wrap account" programs which bundle advisory, administrative, and transaction charges into one asset-based fee. A portion of the wrap fee is allocated to the administrative fee, which covers administrative and supervisory services provided by FCAM as well as transaction, execution, clearing and custodial services as provided by a third-party clearing firm. FCAM also receives a portion of the fee for advisory services. Clients should consider that depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided under these programs, and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Under a wrap account program, your assets would be managed by FCAM generally in the same manner as assets managed by FCAM for clients not in a wrap account program other than the requirements or restrictions of the program, although this would be subject to your particular investment needs and objectives.

Clients are billed the asset-based fee in advance based upon the assets under management on either a monthly or quarterly basis, depending upon the program chosen. The timing of such billing is determined, in part, by the particular investment program chosen by the registered investment advisor along with the client. Details of fees, as well as the timing of such fees, will be discussed and disclosed in the client agreement prior to opening an account.

##### **FCAM WRAP Program Fee Schedule**

<b>Account Size</b>	<b>Maximum Fee</b>
\$50,000 - \$100,000	2.00%
\$100,001 - \$200,000	1.75%
\$200,001 - \$500,000	1.25%
\$500,001 AND ABOVE	1.00%

These fee amounts may be negotiated depending upon circumstances including but not limited to account composition and complexity, account size, employee or family relationships, etc. which may result in different fees being charged by us for client accounts similar in composition and objectives. You should understand that mutual funds, including exchange traded funds and similar investment products, in which your assets are invested by us or by others, impose separate investment management fees and other operating expenses (described in the fund's prospectus) for which you will be charged separately from the fee paid to us for our services.

FCAM utilizes money market funds as temporary investment vehicles for clients as permitted by law and subject to applicable restrictions. The use of money market funds in "sweep" arrangements, for temporary investment purposes or otherwise, may result in FCAM earning advisory, distribution or other fees described herein. The fees earned by FCAM may vary depending on the money market funds utilized.

FCAM is not compensated based on a share of capital gains or capital appreciation in a client's account or any portion thereof.

The client will grant FCAM the authority to receive monthly or quarterly fee payments directly from the client's account held by an independent custodian. The client provides limited authorization to withdraw the contractually agreed upon fees from the account. The custodian of the account is made aware of the limitation of FCAM's access to the account. The custodian sends the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to Advisor which the client should verify for accuracy as to our fee calculation. The custodian of the account holds all customer assets. FCAM does not physically hold or handle customer funds or securities.

The management, certain support staff and the Advisors of FCAM are also registered representatives of First Citizens Investor Services, Inc., a securities broker-dealer. You may work with your Advisor in his or her separate capacity as a registered representative of First Citizens Investor Services, Inc. When acting in his or her separate capacity as a registered representative, your Advisor may sell securities such as stocks, bonds, mutual funds, and exchange-traded funds to you on a commission basis. As such, your Advisor may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment- advisory account. This receipt of commissions creates an incentive to recommend those products for which your Advisor will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

As described elsewhere in this Brochure, FCAM receives 12b-1 (distribution) fees for the sale of certain mutual funds purchased by advisory clients. Client assets are sometimes invested in shares of registered funds (such as mutual funds) that offer several classes of shares with different fees. Some share classes charge 12b-1 (distribution) fees, shareholder services fees or administrative fees and pay these fees to FCAM. Distribution payments, or 12b-1 fees, compensate FCAM for selling registered fund shares. Shareholder services and administrative fees compensate FCAM for customer account services and administration such as account and trade detail recordkeeping, customer statement preparation and delivery, tax reporting, and other services that the registered mutual fund otherwise would have provided. Distribution, shareholder services and administrative fees are deducted from the mutual fund's assets and indirectly paid by the fund's shareholders. Registered funds often offer one or more share classes that do not charge 12b-1 or shareholder services fees. Clients may be able to invest in lower-cost share classes directly.

#### **Item 5: ACCOUNT REQUIREMENT AND TYPES OF CLIENTS**

Our clients include individual persons, trusts, estates, charitable organizations, municipalities and other governmental entities, and corporations or similar business entities. You are required to execute a written agreement with FCAM specifying the requested advisory services to establish a client arrangement with FCAM. Generally, our minimum account size is \$50,000 for the Asset Manager Program and Fund Manager Program and \$100,000 for the Unified Managed Account Program although this may be waived based on considerations such as the account's relationship to established clients and other factors.

## **Item 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

The Investment Committee discretionarily manages the WRAP Program assets, including selecting the specific Funds and any other securities used in the Program. No individuals registered with FCAM act as a Portfolio Manager for FCAM's WRAP Program.

In selecting and reviewing Funds, the Committee uses fund performance information from independent reporting sources, including fund information provided by the Consultant. The Committee's decision to include or retain a Fund in the program is guided by quantitative and qualitative criteria, which may include:

### Quantitative Criteria

Quantitative criteria are evaluated both in terms of a Fund's absolute performance and performance relative to its investment-style group or sector, and may include:

- Rate of return
- Standard deviation of returns
- Risk-adjusted rate of return
- Consistency of returns

### Qualitative Criteria

Qualitative criteria used in Fund evaluations may include:

- Years in the business
- Assets under management
- Investment philosophy
- Adherence to investment philosophy
- Financial, operational, and client servicing resources

The Committee meets monthly and on an as-needed basis. The Committee periodically reviews the current funds used within the Funds Program, and periodically considers the addition of new funds to the Program. FCAM may add or remove funds at its discretion. The Committee may elect to replace a current fund if it determines that it does not meet one or more of the criteria identified above. In deciding whether to replace a fund, the Committee takes into consideration all relevant criteria and no single criterion is necessarily determinative. The Committee's review places emphasis on long-term overall performance from a qualitative and quantitative standpoint. Adverse short-term developments are monitored but are not necessarily sufficient to prompt a decision to remove a fund. A decision to remove or replace may also be driven by a fund's change of terms and/or imposition of new restrictions, such as closing to further investments. Where a fund is removed, FCAM will generally liquidate that investment and reinvest the proceeds in a replacement fund. FCAM and the Committee do not consider the tax consequences, if any, of any such transactions.

If other securities are used within the Funds Program, the Committee follows the same process, using the same or similar criteria and information in the selection and review of those securities.

#### **Item 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Prior to account opening, all new clients are asked for information and complete an investment policy statement. This information and all other information required by FCAM or Portfolio Manager to open the account, is provided to the Portfolio Manager.

#### **Item 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

FCAM Investment Committee and Managers are always reasonably available to consult with you regarding your Account. Your assigned Financial Consultant will be your primary point of contact.

#### **Item 9: ADDITIONAL INFORMATION**

##### **Disciplinary Information**

In February 2018, the U.S. Securities and Exchange Commission (“SEC”) announced an industry-wide initiative to identify and remedy conflicts of interest that arise where investment Advisors failed to make required disclosures relating to their selection of certain mutual fund share classes that paid the Advisor (or its related entities) a fee pursuant to Rule 12b-1 under the Investment Company Act of 1940 (“12b-1 fee”) when a lower-cost share class for the same fund was available to clients. First Citizens Asset Management, Inc. (“FCAM”) elected to participate in this initiative and, based on information that FCAM provided, the SEC issued an Order Instituting Administrative and Cease-and-Desist Proceedings against FCAM on March 11, 2019 (the “Order”). The SEC determined that for the period January 1, 2014, through July 20, 2018, FCAM purchased, recommended, or held for advisory client’s mutual fund share classes that paid 12b-1 fees to FCAM (or its affiliated broker-dealer) instead of lower-cost share classes for the same funds for which the clients were eligible. The SEC determined that FCAM did not adequately disclose this conflict of interest, and that the failure to do so constituted breaches of FCAM’s fiduciary duties and willful violations of Sections 206(2) and 207 of the Investment Advisors Act of 1940 (the “Advisors Act”). The SEC, among other things, censured FCAM and ordered FCAM to cease-and-desist from any future violations of Sections 206(2) and 207 of the Advisors Act, and to pay \$54,820.40 in disgorgement and \$7,598.04 in prejudgment interest to FCAM’s affected investors, in accordance with procedures set forth in the Order. The SEC did not order a civil monetary penalty or fine. The SEC also directed FCAM to complete certain remedial undertakings. FCAM consented to the Order without admitting or denying the SEC’s findings (except as to jurisdiction, which was admitted). The SEC’s Order can be found at <https://www.sec.gov/litigation/admin/2019/ia-5123.pdf>.

On the same day that FCAM settled, the SEC settled with 78 other investment Advisors for similar conduct. To ensure that this conduct is not repeated, among other things, since September 30, 2014, FCAM has been crediting all 12b-1 fees back to advisory accounts.

##### **Other Affiliations**

As discussed in the sections on Advisory Business and Fees and Compensation above, FCAM has a material arrangement with an affiliated brokerage firm, First Citizens Investor Services (FCIS). The management, certain support staff and the investment Advisor representatives of FCAM are registered with FCIS. Our representatives are also registered representatives of FCIS, a securities broker-dealer. You may work with your investment Advisor representative in his or her separate capacity as a registered representative of FCIS. When acting in his or her separate capacity as a registered representative, your investment Advisor representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and annuity and life insurance products to you. As such, your investment Advisor representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment Advisor representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

Advisors of FCAM are also registered representatives of First Citizens Investor Services (“FCIS”), member FINRA, SIPC, a brokerage firm which is affiliated with FCAM and registered with the SEC and with the Financial Industry Regulatory Authority (“FINRA”). In this capacity, they may execute transactions in securities such as mutual funds, equities, bonds, options, annuities, and other investment products to clients of FCIS who clients of FCAM on an agency basis may also be only and receive normal and customary commissions because of securities transactions. They spend approximately 75% of their time on these activities on behalf of FCIS. Advisors of FCAM may also be licensed, registered, or approved through insurance companies and through FCIS to offer insurance products such as life insurance, long-term care insurance, whole life insurance, and term life insurance and receive normal and customary commissions from such purchases. These insurance products may be offered to clients of FCIS who clients of FCAM are also. They spend 5% of their time on these activities on behalf of FCIS.

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

FCAM has established a Code of Ethics that will apply to all its supervised persons. As a fiduciary, it is an Advisor’s responsibility to provide fair and full disclosure of all material facts and to always act solely in the best interest of each of its clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transaction Policies and Procedures. FCAM requires all its supervised persons to conduct business with the highest level of ethical standards and to always comply with all federal and state securities laws.

Upon employment or affiliation, when changes occur, and no less than annually, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with the Code of Ethics. FCAM has the responsibility to make sure that the interests of all clients are placed ahead of FCAM’s Management or its supervised person’s own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. FCAM Management and its supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our fiduciary duty.

This disclosure is provided to give a summary of FCAM's Code of Ethics. If the client wishes to review FCAM's Code of Ethics in its entirety, a copy will be provided upon request.

### **Employee Personal Securities Transactions Disclosure**

The Advisor may buy or sell securities that are also recommended to clients. To minimize this conflict of interest, FCAM only recommends and purchases securities which are widely held and publicly traded.

To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees, and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained because of their employment unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the President and Chief Compliance Officer of FCAM.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Conflicts of Interest**

#### **Discounting:**

The Advisor can discount the commission or fees the Client pays on certain investments or programs. These discounts may create a conflict of interest between the Client's interests and the Firm's because the Firm's compensation is negatively impacted when commissions are discounted.

#### **Licensing of Advisors:**

Not all Advisors are licensed to offer both brokerage and investment advisory products and services. Some Advisors may only be licensed to make a recommendation regarding investment company (i.e., mutual funds) or variable contract products (i.e., variable annuities) and may not be licensed to make a recommendation for individual equities or fixed income products (i.e., stocks and bonds) or provide investment advisory products or services. Because of the differences in compensation payable with respect to these products, this could be seen as creating a conflict for the Advisor as well as the client, since the Advisor may not be licensed to offer a product that may be in the client's best interest.

**Approved Product List:**

The Firm limits recommendations to products available through an approved product list. The approved product list does not contain the entire universe of securities products available in the marketplace or that may be available through other broker-dealers or investment advisory firms. The differences in the way some products compensate the Firm and the Advisors as compared to others may create a conflict of interest

**Rollovers:**

When the Client invests with the Firm because of a recommendation to rollover or transfer the Client's assets from an employer-sponsored plan, another brokerage firm or investment Advisor, the Firm receives compensation. This compensation creates a potential conflict between the Client's interests and the Firm's because the Firm's compensation is based, in part, on the assets placed with the Firm. In addition, in a rollover from an employer-sponsored plan, a conflict exists because the compensation received by the Firm and the Advisor will generally be greater than that received in the plan.

**Distributions:**

Compensation and performance incentives may cause a conflict between the Client's interests and the Firm's when the Advisor provides Recommendations for distributions from any of the Client's IRAs. When the Client makes a distribution from an IRA, certain commissions or sales charges may be generated. If the Client has both a transaction-based IRA and an advisory program IRA, the Firm has an incentive to advise the Client to take a distribution from the transaction-based IRA and not the advisory program IRA, because the distribution would generate additional transactional revenue and would not affect the amount of the Client's asset-based fee in the Client's advisory program IRA.

**Transaction-based IRAs vs. Advisory Programs IRAs:**

The Client may be eligible to invest retirement assets in an advisory program IRA. Instead of paying a commission per transaction, the Client would pay a fee based on a percentage of the market value of the assets held in the Client's account for the services the Firm provides. Fee-based IRA accounts may offer additional types of investment options, including mutual fund share classes with lower ongoing expenses. Depending on the number of transactions the Client anticipates making and what services the Client wants, an advisory program can be more or less expensive than a transaction-based IRA. Typically, the Firm would earn more in upfront commissions in a transaction-based IRA. On the other hand, the Firm will typically earn more over time if the Client invests in one of the Firm's fee-based advisory programs. These differences in compensation create a conflict between the Client's interests and the Firm's when recommending the type of account most appropriate for the Client.

**Non-Cash Third-Party Incentives:**

FCIS, as a broker dealer, receives Third-Party payments with respect to investment recommendations, as follows:

Annuities

Insurers that issue variable annuity contracts pay FCIS the following types of Third-Party payments:

- "Up-front" insurance commissions at the point-of-sale, including gross dealer concessions

- “Trailing commissions” or “trails” (or “renewal fees”) for ongoing services if the annuity remains in force and/or
- Revenue sharing, marketing fees, administration fees and other similar fees relating to sales and support services.

The amount of these Third-Party payments varies between different variable annuities and different annuity issuers.

#### Fixed Indexed Annuities

Insurers that issue fixed indexed annuity contracts pay FCIS the following types of Third-Party payments:

- “Up-front” insurance commissions at the point-of-sale, including gross dealer concessions
- “Trailing commissions” or “trails” (or “renewal fees”) for ongoing services if the annuity remains in force and/or
- Revenue sharing, marketing fees, administrative fees and similar fees relating to sales and support services.

The amount of these Third-Party payments varies between different fixed indexed annuities and different annuity issuers.

#### Mutual Funds

Mutual funds pay FCIS the following types of Third-Party payments:

- “Up-front” sales commissions or “loads” at the point-of-sale
- 12b-1 distribution fees and/or
- Fees for sub-accounting services, sub-transfer agency services, and/or other revenue sharing or similar payments for services to the funds.

The amount of these Third-Party payments varies between different fund families, different funds, and different share classes. FCIS generally receives less compensation when 12b-1 fees are reduced or waived completely, or when there is no fee. FCIS has in the past earned and kept these fees. As of March 11, 2016, FCIS will credit these fees to advisory clients’ accounts. These credits will be subject to the advisory fee if they remain in a client account at the time of billing.

FCIS has a conflict of interest in recommending these funds or share classes, both in making investment decisions considering the receipt of these fees and in selecting a more expensive 12b-1 fee paying share class when a lower-cost share class is available for the same fund. The conflict of interest arises from FCIS’ financial incentive to recommend or select registered funds or share classes for clients that pay higher 12b-1 fees, because such registered funds or share classes generally result in higher compensation for FCIS.

Although there can be legitimate reasons that a particular client is invested in a more expensive 12b-1 fee paying share class, FCIS has taken steps to minimize the conflict of interest:

- Through advisory account credits beginning on 3-11-2016
- Through disclosure in this Brochure
- Through internal policies and procedures that require investment advice to be appropriate for advisory clients
- By ensuring that individual Advisors are not directly compensated for recommendations to purchase share classes of registered funds that pay such fees to FCIS
- By restricting Advisors' recommendations to funds and share classes on FCIS' approved list
- And by systematically evaluating when a lower fee share class of a registered fund on FCIS' approved list is available.

It will not always be possible or in the client's best interest for FCIS to select SEC-registered mutual fund investments that do not pay these fees. Despite efforts to minimize conflicts of interest, FCIS clients should not assume that they will be invested in the registered fund or share class with the lowest possible 12b-1 fees.

Third-party providers, including annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors, may also give Advisors gifts up to a total value of \$100 per provider per year, consistent with industry regulations. Third parties may occasionally provide Advisors with meals and entertainment of reasonable value. These incentives create a conflict between the Client's interests and those of the Advisor and may cause the Advisor to recommend those product partners that provide these noncash incentives.

#### **Training and Marketing Incentives:**

Third-party providers such as annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors may reimburse and/or pay certain expenses on behalf of financial advisors and the firm, including expenses related to training, marketing, and educational efforts. Training of the Advisor can occur at branch offices, seminars, meetings, or other events. The training focuses on, among other things, the third-party provider's products, suitability, product literature, and product support. These incentives create a conflict between the Client's interests and those of the Advisor and may cause the Advisor to recommend those product partners that provide marketing and educational opportunities and to whom the Advisor has greater access.

#### **Performance Standards and Incentive Compensation for the Advisor:**

The Advisor's performance can be measured in various ways and performance measurements are positively impacted by the assets under care. These positive impacts in performance measures can lead to increased compensation. This incentive creates a conflict between the Client's interests and those of the Advisor when recommending that the Client rollover or transfer the Client's assets to FCAM, keep the Client's assets at FCAM, and engage in transactions within the Client's account.

**Review of Accounts**

FCAM's client accounts are reviewed at least annually by the Advisor with primary responsibility for the account. Factors which may trigger more frequent reviews include a change in client investment objectives or circumstances, such as retirement or a large contribution or withdrawal to or from an account, significant developments specific to a particular security held in the account, or significant developments relevant to market, economic or political matters.

**Financial Information**

FCAM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. FCAM is not subject to a financial condition reasonably likely to impair its ability to meet contractual commitments. FCAM has not been the subject of a bankruptcy petition at any time.