

# INVESTMENT ADVISORY SERVICES

411 W. Lafayette Blvd., Detroit MI 48226 800.232.6983

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**March 10, 2023**

Form ADV, Part 2; our "Disclosure Brochure" or "Brochure" as required by the Investment Advisers Act of 1940, as amended, is a very important document between Clients (you, your) and "Comerica Securities" or "Firm" (us, we, our). This Brochure provides information about our qualifications and business practices.

***This brochure provides information about the qualifications and business practices of Comerica Securities and our Investment Advisory Services. This information should be considered carefully before becoming a Client. If you have any questions about the contents of this brochure, please contact us toll free at 1-800-232-6983. 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 Comerica Securities is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "Firm" and type in our firm name). The results will provide you access to our Form ADV, including our Client Relationship Summary.***

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, are information you use to evaluate us (and other advisers), which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

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## Item 2 - Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last annual update posted on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) on March 25, 2022.

The following material changes have occurred since our last annual update:

- Item 4. – Advisory Business, Section A. was updated to reflect changes to Comerica Managed Portfolios (“CMP”). Previously, CMPs were offered as part of the Unified Managed Account program. The Premier and Select CMPs are now offered as a standalone CMP Program.
- Item 14 – Client Referrals and Other Compensation, was amended to provide additional information regarding the terms of compensation and conflicts related to Comerica Securities Promoter Program.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will also provide other ongoing disclosure information about material changes as necessary.

If you would like another copy of this Brochure, please download it from the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact us at 800-232-6983 or by email at [securities\\_mail@comerica.com](mailto:securities_mail@comerica.com).

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## Item 4 – Advisory Business

### Description of Comerica Securities, Inc.

Comerica Securities, Inc. ("Comerica Securities") is a non-bank affiliate of Comerica, Inc. ("Comerica") and a part of Comerica's Wealth Management Division ("WM"). Comerica's Wealth Management team consists of various divisions of Comerica Bank, affiliates of Comerica Bank including Comerica Bank & Trust, N.A., and subsidiaries of Comerica Bank, including Comerica Securities, Inc., and Comerica Insurance Services, Inc. and its affiliated insurance agencies ("CIS"). Also under the WM umbrella is Comerica Asset Management ("CAM"), an unincorporated division. Comerica Securities was formed in 1985 and became a Securities and Exchange Commission ("SEC") Registered Investment Adviser in 2005. Comerica Securities is 100% owned by Comerica Investment Services, which is 100% owned by Comerica Bank, which is 100% owned by Comerica, Inc., a publicly traded company. Comerica Securities is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

### Types of Advisory Services

Comerica Securities provides its clients with the following Investment Programs and Services:

- A. Managed Portfolio Solutions Wrap Program
  - 1. Personal Portfolio Advisory
  - 2. Comerica Managed Portfolios
  - 3. Fund Strategist Portfolios
  - 4. Separately Managed Account
  - 5. Unified Managed Account
  - 6. Envestnet Impact Services
  - 7. Envestnet Tax Overlay Services

Advisory services offered in the various programs include, but are not limited to, the following:

- Portfolio Model Construction and Ongoing Portfolio Monitoring; and
- Asset Allocation Strategies and Asset Selection.

In addition to the Investment Programs, Comerica Securities also offers the following Investment Advisory Services:

- B. Retirement Plan Services
  - 1. Non-Fiduciary Services to Retirement Plans

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## **Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986, as amended ("IRC"), as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

When providing recommendations to retirement plan accounts involving rollover considerations, there are generally four options regarding an existing retirement plan account. An employee may use a combination of those options, such as; (i) leave the funds in the former employer's plan, if permitted, (ii) roll over the funds to a new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the individual's age, result in adverse tax consequences). If your Financial Consultant recommends that you rollover your retirement plan and/or transfer IRA assets into an account managed by Comerica Securities, such recommendation creates a conflict of interest insofar as we will earn an advisory fee on the rolled over or transferred assets.

Additional information on the Investment Programs and Advisory Services offered by Comerica Securities follows:

When recommending or choosing an investment to fit a client's needs, Comerica Securities does not limit its investment advice to specific types of investments or securities. However, for Comerica Securities managed investment advisory accounts that purchase mutual funds, the Firm maintains an approved list of mutual funds and mutual fund families. Comerica Securities and its financial consultants (hereafter, "Financial Consultants") will not recommend or purchase

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individual future contracts, leveraged or inverse mutual funds/ETFs, or other securities that the Firm generally does not deem suitable, except with respect to sophisticated investors. Accounts with Comerica Securities that are managed by sub-advisers or other “outside managers” can invest in securities, including Comerica, Inc. stock, that are typically not bought in accounts managed directly by Comerica Securities.

## **A. Managed Portfolio Solutions Wrap Program**

### ***1. Personal Portfolio Advisory Program***

For clients in this program, a Financial Consultant will construct, through the use of asset allocation software, allocation models based on specific client investment objectives and risk tolerances. The Financial Consultant will then recommend various investment choices based on asset class to populate the proposed allocation model. These recommendations can include, but are not limited to, common and preferred equities, mutual funds, exchange-traded funds, and fixed-income securities. You will be presented with the proposed allocation model and investment recommendations to review prior to establishing an account. If you choose to execute the proposed model, the account will be established on a fully discretionary basis.

Non-discretionary Personal Portfolio Advisory (“PPA”) accounts are no longer offered. For existing non-discretionary PPA accounts, the Financial Consultant will not be acting in a discretionary manner nor will the Financial Consultant make any investment decisions without your consent. The Financial Consultant will periodically evaluate the portfolio while taking into account changing economic and market conditions as well as changes to your personal financial situation. When deemed appropriate by your Financial Consultant, recommendations for rebalancing or reallocation will be made to you. Your Financial Consultant will review your account allocations with you as necessary, but no less than annually.

For discretionary accounts, the investments used to populate your model will be selected by the Financial Consultant and managed (e.g., bought and sold) by him or her as necessary to meet changing economic and market conditions as well as your personal financial situation. Your Financial Consultant will rebalance your account allocations as he or she deems necessary; accounts are typically rebalanced no less than annually.

If a client accepts the proposal, the client will receive an Investment Policy Statement that contains the Managed Portfolio Solutions Program Terms & Conditions. Please refer to Item 5 in this brochure for fee information regarding this program. The minimum initial investment for this program is \$50,000.

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## **2. Comerica Managed Portfolios**

The Comerica Managed Portfolios ("CMP") program provides clients with access to portfolio solutions designed to help them meet their investment goals. CMP solutions utilize various approaches to asset allocation and model construction. CMP strategies and models are provided by CAM.

CMPs can employ a longer-term, strategic asset allocation approach, or take a dynamic or tactical approach, which more actively adjusts allocations in an attempt to take advantage of intermediate or shorter-term market movements. The CMP program can provide unique solutions across traditional asset classes, specific countries or regions, different sectors (domestic and non-U.S.), alternatives, and/or commodities, that are designed to fit a range of risk profiles and objectives. The models and strategies offered generally range from solutions for the conservative investor to those with a high-risk tolerance seeking maximum growth potential.

The CMPs generally use exchange traded funds ("ETFs"), mutual funds and/or Separately Managed Accounts ("SMAs"), including those managed by Envestnet Asset Management's ("Envestnet") Portfolio Management Consulting ("PMC") group. The CMP program asset allocation model or strategy recommended to you, along with any other products or securities chosen for your overall model (portfolio), if any, will be determined by your individual responses to a risk tolerance questionnaire.

Tax-sensitive strategies and tax-managed models are available in CMP models and certain risk regions. Tax-sensitive strategies typically include the use of tax-exempt fixed-income mutual funds and ETFs and/or SMAs in their fixed-income allocations.

PMC provides services related to the products chosen to populate asset allocation models for all CMP strategies (Premier and Select). A comprehensive due diligence process incorporating quantitative, qualitative and fundamental analysis seeks to identify products expected to add a higher level of risk adjusted performance over time to each client's specific asset allocation. CAM periodically reviews and monitors the products and allocations in its models and makes changes when deemed warranted. The addition (or removal) of an SMA Manager will increase (or decrease) your Client Fee. (For additional details, please see the fee information beginning on page 16 of this brochure.) CAM's process provides the benefits of diversification, appropriate asset class exposure, passive and active investment management. CAM strategies do not undergo the same due diligence process and analysis that non-proprietary strategies do.

Trades in CMP Program Accounts are placed on a discretionary basis. The models in the CMP program can be rebalanced when an investment change is made or upon certain deposits or withdrawals of funds. A rebalance could result in a buy or sell of securities held in a Program Account. Additionally, clients can choose from three different rebalance schedules to better suit their investment preferences. Reviews and the monitoring process for these accounts follows a disciplined methodology emphasizing proper asset allocation and product selection for each of the models.



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If a client accepts the proposal, the client will receive an Investment Policy Statement that also contains the Managed Portfolio Solutions Program Terms and Conditions. The minimum initial investment for the CMP program is determined by the product selection but will be no less than \$50,000. Minimums can be substantially higher depending on the client's model and managers selected.

### **3. Fund Strategist Portfolios**

The Fund Strategist Portfolios ("FSP") program provides clients with access to investment strategists who construct portfolio solutions designed to help them meet their investment goals. FSP solutions utilize various approaches to asset allocation and model construction. FSP strategies and models are provided by the CAM and by non-affiliated third-party model providers.

FSPs can employ a longer-term, strategic asset allocation approach, or take a dynamic approach or tactical approach, which more actively adjusts allocations in an attempt to take advantage of intermediate or shorter-term market movements. The FSP program can provide unique solutions across traditional asset classes, specific countries or regions, different sectors (domestic and non-U.S.), alternatives, and/or commodities, that are designed to fit a range of risk profiles and objectives. The models and strategies offered in the FSP program generally range from solutions for the conservative investor to those with a high-risk tolerance seeking maximum growth potential. Portfolio solutions from certain model providers are available only in select risk ranges.

FSPs generally use actively managed mutual funds, exchange-traded funds ("ETFs") and/or exchange-traded notes ("ETNs") in their models or strategies. The FSP program asset allocation model or strategy recommended to you, along with any other products or securities chosen for your overall model (portfolio), if any, will be determined by your individual responses to a risk tolerance questionnaire.

Tax-sensitive strategies and tax-managed models are available in certain FSP models and certain risk regions. Tax-sensitive strategies typically include the use of tax-exempt fixed-income mutual funds and ETFs in their fixed-income allocations. Tax-managed models have a goal of providing improved after-tax returns using mutual funds that employ various tax-managed and tax-harvesting strategies.

### **Risk Tolerance and Model Target Risk Scoring**

Each FSP model is assigned a target risk score that aligns with a specific risk tolerance range, including capital preservation, conservative, moderate, growth, and aggressive growth. For CAM-provided models, the target risk score is assigned based on the model's current asset allocation. For all other FSPs, the target risk score is assigned by PMC and is set at the maximum risk score a strategy could have based on the strategist's asset allocation policies. As a result, the current allocation and investment holdings in a client's model can score more



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conservatively than the maximum risk score PMC has assigned to the portfolio and result in a client being invested in an asset allocation model which is in a lower risk range/tolerance than was determined by the client's risk tolerance questionnaire.

For the FSPs provided by CAM (Alpha Fund Advisory, Comerica Index, and Comerica Dimensional Portfolios), PMC provides services related to the products chosen to populate asset allocation models. CAM strategies do not undergo the same due diligence process and analysis that non-proprietary strategies do. A comprehensive due diligence process incorporating quantitative, qualitative and fundamental analysis seeks to identify mutual funds (in the case of Alpha Fund Advisory and Comerica Dimensional Portfolios) expected to add a higher level of risk-adjusted performance over time to each client's specific asset allocation. The Comerica Index models currently utilize only ETFs. Comerica Dimensional Portfolio FSP models utilize only open-end mutual funds managed by Dimensional Fund Advisors ("DFA"). DFA can also, from time to time, provide information to CAM related to the funds chosen to populate these models.

CAM periodically reviews and monitors the products and allocations in its FSP models and make changes when deemed warranted. CAM's process provides the benefits of diversification and active investment management (in the case of Alpha Fund Advisory and Comerica Dimensional Portfolios) and diversification and appropriate asset class exposure (in the case of Comerica Index).

The models in the FSP program can be rebalanced when an investment change is made or upon certain deposits or withdrawals of funds. Reviews and the monitoring process for these accounts follows a disciplined methodology emphasizing proper asset allocation and product selection for each of the models. Trades in all FSP Program Accounts are placed on a discretionary basis.

If a client accepts the proposal, the client will receive an Investment Policy Statement which contains the Managed Portfolio Solutions Program Terms and Conditions. Please refer to Item 5 in this brochure for fee information regarding this program. The minimum initial investment in the FSP program is \$25,000.

## **4. Separately Managed Account ("SMA")**

For clients with SMA accounts, PMC will recommend a list of individual asset managers ("managers"), mutual funds and exchange traded funds that correspond to the proposed asset classes and styles displayed in the asset allocation model constructed by your Financial Consultant. The asset allocation model is derived from specific client responses to the client questionnaire. Comerica Securities, as part of the proposal process, will recommend specific managers, mutual funds or ETFs from this list.

The managers and mutual funds selected to participate in the SMA program are chosen after an intensive evaluation and due diligence process conducted by PMC. This due diligence process

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focuses on quantitative and qualitative factors such as the manager's and investment vehicle's reputation, approach to investing, and style consistency.

If a client accepts the proposal, the client will receive an Investment Policy Statement which contains the Managed Portfolio Solutions Program Terms and Conditions. Please refer to Item 5 in this brochure for fee information regarding this Program. The minimum initial investment for these accounts is \$100,000. Minimums can be higher depending on the manager selected.

### **5. Unified Managed Account ("UMA")**

For clients with UMA accounts, Financial Consultants will have access to an approved list of SMA Model Managers, mutual funds, and ETFs that have undergone PMC's due diligence process. This includes certain strategies provided by CAM and those provided by non-affiliated third-party managers. CAM strategies include certain strategies provided in the Fund Strategist Portfolio program. CAM strategies do not undergo the same due diligence process and analysis that non-proprietary strategies do. SMA strategies provided by PMC are also available in UMA.

A Financial Consultant will construct a portfolio in a single account for the client that can be comprised of a combination of manager models, mutual funds and/or ETFs in custom "sleeves." From time to time, as they deem necessary, CAM and other managers will make changes to their models based on current market and economic conditions. The UMA track is not expected to be an exact replica of a separately managed account for any model because UMA accounts can utilize several manager portfolio models in a single account. Financial Consultants can also utilize a sleeve(s) comprised of a model(s) that he or she constructed in the PPA program. PPA models can include investments such as individual stocks and bonds, as well as access to a broader menu of mutual funds and ETFs that are not typically available in the UMA Program.

Your account can be established on a non-discretionary or a fully discretionary basis with investment discretion granted to your Financial Consultant.

If you choose to open a non-discretionary account, the Financial Consultant will not be acting in a discretionary manner, nor will the Financial Consultant make any investment decisions without your consent. The Financial Consultant will periodically evaluate the portfolio while taking into account changing economic and market conditions as well as changes to your personal financial situation. When deemed appropriate by your Financial Consultant, recommendations for rebalancing or reallocation will be made to you. Your Financial Consultant will review your account allocations with you as necessary, but no less than annually.

If you choose to open a fully discretionary account, investments used to populate portfolio sleeves will be selected by the Financial Consultant and managed by him or her as necessary to meet changing economic and market conditions as well as your personal financial situation. The Financial Consultant's use of discretion can include the purchase, sale or other disposition of

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individual securities, SMA Managers and Fund Strategists (*i.e.*, Program Assets) within your Program Account.

The addition (or removal) of an SMA Manager and certain Fund Strategists will increase (or decrease) your Client Fee. (For additional details, please see the fee information beginning on page 16 of this brochure.) Discretion can also include, for example, the exchange or tender of shares as part of a corporate action. Your Financial Consultant can also reallocate portfolio holdings, within your chosen risk tolerance, and will rebalance your account allocations as necessary, but generally no less than annually.

Additionally, the UMA account utilizes Envestnet as an Overlay Manager who coordinates trading across sleeves in a “multi-sleeve” portfolio. The Overlay Manager can, without prior consultation, buy, sell, exchange, convert and otherwise trade in securities as directed by a separate account manager, model provider or investment management strategy and consistent with the direction in your Investment Policy Statement.

The managers and investments selected to participate in the UMA program are chosen after an intensive evaluation and due diligence process conducted by PMC. This due diligence process focuses on quantitative and qualitative factors such as the manager’s and investment vehicle’s reputation, approach to investing, and style consistency. Investments selected by a Financial Consultant in any PPA model(s) utilized in the UMA program are typically not reviewed by PMC.

## **Envestnet Impact and Tax Overlay Services (Item 4, Sections A.6. and A.7.)**

Envestnet Impact and Tax Overlay Services (“tax services”) are provided by Envestnet. For Program Accounts enrolled in the services, Envestnet will provide discretionary investment advice through overlay portfolio management services and tax overlay management services.

Tax services are not suitable for all clients and are not intended to be general tax planning services. Tax services can be appropriate for clients who, for example, want to limit net long-term or short-term gains, who own “appreciated securities” (*i.e.*, securities with a low cost basis) and want to manage how gains are realized for selling these securities, who are be subject to the Alternative Minimum Tax, or those clients who specifically budget for taxes associated with their Program Account(s).

Envestnet relies solely on the tax information provided by the client. To the extent such information is inaccurate or incomplete, the tax strategy developed for the client can be adversely affected. The provision of complete and accurate tax information is the sole responsibility of the client.

The use of the tax services can result in recommendations from Envestnet that differ from those made by the Adviser and/or be inconsistent with the client’s chosen investment model and strategy. This can cause trading, holdings and/or performance of the client’s portfolio to deviate

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from a portfolio that does not apply these services. Additionally, the use of these tax services can cause the client's account risk to differ from the risk profile identified for the client during the proposal process.

In order to enroll in the tax services, clients must complete an Envestnet Tax Overlay Services questionnaire. Clients should consult with their tax and legal advisors regarding their specific situation prior to completing the form or enrolling. Comerica Securities does not provide tax or legal advice.

The tax services can be used individually, or in combination with the other services. They can be selected in conjunction with certain UMA portfolios and certain CMPs. The minimum Program Account size for these tax services is \$250,000. For additional information regarding these services, please refer to sections 6. and 7. below and to Item 5 in this brochure for fee information regarding these services.

## **6. *Envestnet Impact Overlay Services***

These services allow clients to apply customized socially responsible investment ("Impact") restrictions to their investment portfolio. These restrictions are designed for investors who are willing to allow some deviation from their selected portfolios in an aim to minimize their exposure to companies with specific products, services, and operations that do not meet the client's values and personal convictions. The overlay service leverages software that applies predefined screens and rules to help keep the client's Impact-screened portfolio reasonably close to the model portfolio recommended by the Financial Consultant.

## **7. *Envestnet Tax Overlay Services***

These tax services offer clients a premium solution to help limit long-term gains, short-term gains and/or to attempt to limit their potential tax liabilities. It also offers more customizable solutions for clients who are seeking to attempt to control the realization of large unrealized gains that are imbedded in their portfolios.

These tax services allow clients to have their Program Account traded with tax-aware portfolio management techniques by leveraging software that applies predefined rules and constraints to help keep the client's tax-aware portfolio reasonably close to the model portfolio recommended by their Financial Consultant. The software seeks to consider the tax costs of trading that detract from the client's after-tax returns. This service is designed for taxable investors who are willing to allow some deviation from their selected portfolios in an aim to minimize the impact of taxes on their returns by attempting to match capital gains with capital losses during a given tax year. Clients that have other unique tax circumstances that require an individualized strategy may also benefit from the tax services. If these services are selected by the client, the Financial Consultant,

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working with Envestnet, will determine an appropriate asset allocation and model to establish the tax management goals desired for the client's Program Account.

## **B. Retirement Plan Services**

### **1. Non-Fiduciary Services to Retirement Plans**

Comerica Securities offers certain non-fiduciary services to Plans as part of a co-advisory arrangement with RPA Financial, LLC ("RPA") and its investment adviser representative, who does business under the name of Retirement Plan Analytics. Plans entering into a co-advisory agreement between RPA, RPA's investment adviser representative, and Comerica Securities, will receive investment advisory and investment management services from RPA and RPA's investment adviser representative. Comerica shall provide Plans with Client Maintenance Services that can include:

- Acting as a liaison between Plan Sponsor and the Advisor
- Scheduling meetings between Plan Sponsor and the Advisory Representatives
- Attending meetings of Plan Sponsor and the Advisory Representatives
- Assisting Plan Sponsor in understanding and completing paperwork required by Advisor
- Responding to questions of Plan Sponsor regarding the materials and services of Advisor
- Providing information to Plan Sponsor regarding the advisory services of Advisor

In performing any Maintenance Services, neither Comerica nor its Financial Consultants will provide any investment advice to a Plan (e.g., non-discretionary investment recommendations or discretionary investment management services). In addition, neither Comerica nor its Financial Consultants will act as a fiduciary, as defined by ERISA or other applicable law, to a Plan, other than to the extent that the initial introduction of a Plan Sponsor by Comerica to RPA for services pursuant to this Agreement would constitute "investment advice" to the Plan for compensation under Section 3(21)(A)(ii) of ERISA.

Please refer to Item 5 – Fees and Compensation in this brochure for fee information regarding Retirement Plan Services.

## **C. Client Tailored Services and Client Imposed Restrictions**

The process for an investment program typically begins with the client and the Comerica Securities Financial Consultant compiling pertinent financial and demographic information in order to determine which Investment Program best suits the client's goals and objectives. This information is used to recommend a strategy based on the client's individual needs and objectives, investment time horizon, tolerance for risk, and any other factors deemed pertinent to the client's individual situation.

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Clients can impose restrictions on investing in certain securities within their accounts in accordance with their preferences, beliefs and values. However, if the restriction imposed by the client prevents Comerica Securities, or any other manager, from properly servicing or maintaining the proper allocation in the account, Comerica Securities, or any other manager, reserves the right to terminate the account relationship.

## **D. Wrap Program Services**

The Comerica Securities Managed Portfolio Solutions Program includes the Personal Portfolio Advisory Program, Comerica Managed Portfolios, Fund Strategist Portfolios Program, Separately Managed Account Program, Unified Managed Account Program and Envestnet Impact and Tax Overlay Services. Managed Portfolio Solutions, the wrap fee program sponsored by Comerica Securities, provides discretionary investment advisory services that clients may choose from as described in this brochure and the Comerica Securities Managed Portfolio Solutions Wrap Fee Program brochure. Comerica Securities receives a portion of the Client Fee charged for its services. The Managed Portfolio Solutions Program utilizes Envestnet, a registered investment adviser, as the Platform Manager and as a Consultant. The Platform Manager operates the technology platform on which the wrap program functions and provides certain investment advisory services to Comerica Securities and our clients. PMC conducts research on asset managers and investment vehicles, provide consultation to Comerica Securities regarding investment selection, provides SMA strategies, and acts as an Overlay Manager for certain programs. Envestnet and Comerica Securities are not affiliated other than through jointly providing services to the Wrap Fee Program. All Managed Portfolio Solutions Program Accounts are held in custody at our clearing firm, Pershing, LLC ("Pershing").

## **E. Assets Under Management**

As of December 31, 2022, Comerica Securities had \$2,302,936,165 in total assets under management. Of the total assets under management, \$ is managed on a discretionary basis and \$82,192,049 is managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **A. Fee Schedules**

Fees for all Comerica Securities investment advisory programs are described below. Fees are negotiable and discounts on fees are available based on, but not limited to, the household relationship with Comerica Securities and amount of assets under management. Additionally, some Program Accounts may be on a fee schedule that is no longer offered. As a result, clients with similar assets will have differing fee schedules.



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Cash and money market funds (collectively “cash”) in an MPS Program Account are included in calculating the Client Fee. This includes, but is not limited to, cash that a client chooses to designate as “protected” within a Program Account. Protected cash is not invested, managed, nor included in a Program Account’s model. If you plan to maintain a large amount of cash, it is recommended that you do so in a brokerage (*i.e.*, non-fee-based) account. It can cost you less to hold cash in a brokerage account.

The fee you pay will change over time due to the investments chosen, the effects of market conditions, and investment performance on your account asset value. Any additions or withdrawals made in your account will also affect the fee you pay. Any fees you pay reduce the overall value of and net performance of your Program Account. You should consider the aggregate costs and expenses of investment advisory services and products as a whole.

The Firm generally does not permit clients to hold non-advisory assets (*i.e.*, non-Program Assets) in their Program Accounts. If the Firm agrees to do so, these assets will be deemed to be “Unsupervised Assets” (*i.e.*, assets for which you will not receive investment advice). Unsupervised Assets are excluded from the Client Fee calculation. Unsupervised Assets are also excluded from Program Account performance calculations, including performance reports created by the Platform Manager.

The Advisor Fee and (PPA) Overlay Fee portions of the Client Fee received from Program Accounts is considered compensation paid to Comerica Securities and to your Financial Consultant. A portion of the Client Fees paid by you can be shared with Comerica Securities employees who do not provide investment advice or other advisory services for your Program Account. This can include individuals in administrative roles or be based on certain partnership arrangements with your Financial Consultant.

For additional information regarding wrap program fees, please refer to the MPS Wrap Brochure, Item 4 – Services, Fees and Compensation, section B. Fee Based Accounts.

## **1. Managed Portfolio Solutions (“MPS”) Program**

Comerica Securities MPS Program Accounts are investment advisory accounts for which you pay a Client Fee for services provided by Comerica Securities, your Financial Consultant, and third-party vendors such as Envestnet and Pershing. Examples of services include research, investment selection, asset allocation, execution of transactions, overlay services, custody of securities, and performance reporting for your Program Account.

The Client Fee for all MPS Program Accounts consists of an Advisor Fee and, as applicable, an Overlay Fee and Manager Fee for the pertinent category of Program Assets. (An SMA Platform Fee can be included in the Manager Fee.)



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For all MPS Program Accounts (items a. to d. below) in addition to the Client Fees clients will also pay indirect management and expense fees to mutual funds and ETFs when utilized in their portfolio. Mutual fund trades are executed as “no load” (without commissions or sales charges). Please refer to Item 5C - General Information on Fees and Incentives for additional information.

## ***a. Personal Portfolio Advisory (“PPA”) Accounts***

### **Advisor Fee Schedule:**

<b>Assets Managed</b>	<b>Advisor Fee</b>
On first \$2 Million	1.35%
On next \$3 Million	0.90%
On next \$5 Million	0.60%
On Balance >\$10 Million	0.40%

For all PPA accounts, the Client Fee will include an Advisor Fee and an Overlay Fee. Advisor Fees are charged by Comerica Securities for investment advisory services provided, including but not limited to investment management services. The Overlay Fee represents the costs associated with account oversight and investment management by your Financial Consultant as the Portfolio Manager. This includes, for example, account trading and portfolio rebalancing. The Overlay Fee is 0.10% and will be assessed against total Program Assets. The Advisor Fee and Overlay Fee are considered compensation paid to Comerica and your Financial Consultant.

## ***b. Fund Strategist Portfolios (“FSP”), Comerica Managed Portfolios (“CMP”), Separately Managed Account (“SMA”), and Unified Managed Account (“UMA”)***

### **Advisor Fee Schedule:**

<b>Assets Managed</b>	<b>Advisor Fee</b>
On first \$2 Million	1.35%
On next \$3 Million	0.90%
On next \$5 Million	0.60%
On Balance >\$10 Million	0.40%

For all CMP, FSP, SMA, and UMA accounts, the Client Fee will include an Advisor Fee and, when applicable, a Manager Fee and a SMA Platform Fee. When an SMA Manager(s) is included as part of a portfolio, a Manager Fee will be added to the Advisor Fee paid by the client. Certain FSPs can also be subject to a Manager Fee. Manager Fees are only assessed against the portion of Program Assets managed by the SMA Manager(s). Manager Fees vary based on the SMA Manager or FSP Strategy selected and range from 0.0% to 0.50%. This range can change due to the addition or removal of available SMA Managers or FSP Strategies.

The SMA Platform Fee, which is assessed by Envestnet is **included** in the Manager Fee (*i.e.*, the range cited above). The SMA Platform Fee varies based on the SMA Manager(s) or FSP Strategy

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selected and ranges from 0.0% to 0.02%. The Client Fee paid is the sum of the Advisor Fee and Manager Fee, when applicable.

## c. Fixed Income Models (PPA, SMA, and UMA Programs Only)

### Advisor Fee Schedule:

Assets Managed	Advisor Fee
On first \$2 Million	0.50%
On next \$3 Million	0.35%
On next \$5 Million	0.25%
On next \$10 Million	0.20%
On balance >\$20 Million	0.15%

Certain Program Accounts may be eligible for a Fixed Income Model Advisor Fee Schedule. To qualify, a Program Account's initial model allocation must generally be allocated 95% (or more) to Fixed Income Securities, as defined by Envestnet. Fixed Income Securities include individual bonds, and certain ETFs and open-end mutual funds. If, after a Program Account is deemed eligible, and the Program Account's Fixed Income Model allocation subsequently falls below 95% due to position drift (*i.e.*, Program Asset value increases or decreases relative to its target allocation), the Program Account will remain eligible for the Fixed Income Model Advisor Fee Schedule. However, if a client makes changes to their model allocation, such that allocation to Fixed Income Securities falls below 95%, then a goal modification will be required and the standard (*i.e.*, non-Fixed Income Model) Advisor Fee Schedule for the applicable program will apply.

The Client Fee paid for Fixed Income models in the PPA Program will be the sum of the Fixed Income Model Advisor Fee and Overlay Fee as described in Item 1. MPS Program, section a. PPA Accounts (above). The Client Fee paid for Fixed Income models in the UMA and SMA Programs will be the sum of the Fixed Income Model Advisor Fee and, if applicable, SMA Platform Fee and Manager Fee as described in Item 1. MPS Program, section b. FSP, UMA, and SMA (above). Clients who elect to enroll in any Envestnet Impact and Tax Overlay services will also pay an Overlay Fee in UMA.

## d. Envestnet Impact and Tax Overlay Services Fee Schedule

Assets Managed	Overlay Fee
On first \$10 Million	0.16%
On next \$15 Million	0.13%
On Balance >\$25 Million	0.09%

For UMA clients who elect to utilize these services, the Client Fee will be the sum of the Advisor Fee, the Overlay Fee and, when applicable, a Manager Fee. For additional details regarding the

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Manager Fee and the UMA Program Fee Schedule, please refer to the Unified Managed Accounts Section Item 5. Fees and Compensation above.

## **2. Retirement Plan Services**

### **a. Non-Fiduciary Services to Retirement Plans**

When we provide non-fiduciary Client Maintenance Services to Plans, as specified in Item 4, above, the fee will be charged by RPA and will be shared among RPA and Comerica Securities, as specified in each Plan's co-advisory agreement.

## **B. Payment of Fees**

Managed Portfolio Solutions and Retirement Plan Services have different methods for payment of your fees. Clients will pay their fees as follows:

### **1. Managed Portfolio Solutions: Personal Portfolio Advisory, Fund Strategist Portfolios, Separately Managed Account, Unified Managed Account, and Envestnet Impact and Tax Overlay Services Client Fees**

Your Client Fee will be deducted directly from your Program Account. The initial Client Fee for the first calendar month (or part thereof) in which the client participates in the Program shall be calculated and debited on or before the 15th day of the month (or the next business day if the 15th is a non-business day) after initial Program Assets are placed in the Program with Pershing and shall be the Client Fee for the first calendar month (or part thereof) in which the client participates in the Program. The initial Client Fee for any partial calendar month shall be prorated based on the number of calendar days in the partial month. Thereafter, the Client Fee shall be calculated at the beginning of each calendar month based on the value of Program Assets on the last business day of the prior calendar month.

If client invests \$10,000 or more in any Program Account after the inception of a calendar month, the Client Fee for the additional amount for that month will be calculated and prorated as of the day of the additional investment. If client withdraws \$10,000 or more in any Program Account, a Client Fee credit for that month will be calculated as of the day of the withdrawal and credited back on or before the 15<sup>th</sup> of the month following the withdrawal. The Client Fee for each month will equal (on an annualized basis) the percentage set forth in the applicable Advisor Fee Schedule plus the Overlay Fee and Manager Fee (as applicable), of the fair market value of the Program Assets in the applicable category (including interest paid or accrued) as calculated on the last business day of the previous calendar month. The Platform Manager will determine fair market value for Client Fee calculation purposes. Partial withdrawals from the Program Account will be eligible for a refund of fees paid in advance. Client agrees that excessive contributions or withdrawals, as determined by Comerica Securities in its sole discretion, can be subject to

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additional charges to cover administrative costs. If a Program Account is terminated and all Program Assets are withdrawn from the Program prior to the end of a month, the pro rata portion of the Client Fee will be reimbursed to client.

If there is insufficient cash in the Program Account at the time the Client Fee is to be debited from the Program Account, Adviser or Platform Manager can sell an amount of Program Assets to generate sufficient cash to pay the Client Fee. This can create a taxable gain or tax loss for you.

Please refer to the Comerica Securities Managed Portfolio Solutions Wrap Fee Program Brochure for more information under Item 4 – Services, Fees and Compensation.

## 2. Retirement Plan Services

### Non-Fiduciary Services to Retirement Plans

Fees will be charged by RPA as specified in each Plan's co-advisory agreement.

### C. General Information on Fees and Incentives

#### **Managed Portfolio Solutions: Personal Portfolio Advisory, Fund Strategist Portfolios, Separately Managed Account and Unified Managed Account**

##### Wrap Programs and Client Fees

Our advisory services are offered as part of a wrap program. In a wrap program, you pay a fee that is based on the market value of the assets (securities and cash) held in your account (*i.e.*, asset-based fee) ("Client Fee"). The Client Fee and fee schedule applicable to an account depends on the services and investments you choose. Changes in your portfolio holdings and/or allocation can impact the billing rate (%). Our fee schedules are "tiered," which means as the value of an account's assets reaches a new threshold (or tier), the assets above that threshold are charged successively lower percentages.

In a wrap program, the asset-based fee includes most transaction costs and fees to a broker-dealer that executes trades and/or holds your assets (called "custody"), and as a result wrap fees are typically higher than non-wrap advisory fees (In non-wrap programs, commissions are typically charged on a trade-by-trade basis in addition to an advisory fee.) The more securities and cash held in an advisory account, the more you will pay in fees. The nature of how we are compensated in an advisory account can incentivize the encouragement to maintain and/or increase the assets held in your account(s).

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## Other Fee and Incentive Information

Client fees paid by clients will vary between the different types of services and advisory programs they participate in. Direct fees paid by clients include advisory fees to Comerica Securities, fees paid to wrap program sponsors, fees paid to separate asset managers, fees paid to service providers, fees paid to the Platform Manager or any combination of these. Client fees do not cover charges associated with securities transactions in Program Accounts, including: (i) dealer markups, markdowns or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees that are generally imposed by investments such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts such as fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses.

In addition, certain no-load funds and exchange-traded funds (collectively, "Funds") purchased and sold through Pershing are part of Pershing's FundVest Program. FundVest no-load funds charge 12b-1 fees. Comerica Securities receives a waiver of ticket charges on eligible transactions. This waiver creates a conflict to place clients in programs or strategies that invest in participating Funds. To address this, Comerica Securities does not endorse one program, strategy or Fund over another with our Financial Consultants. In addition, Financial Consultants do not receive a financial incentive to recommend one Fund over another. All 12b-1 fees received by Comerica Securities for FundVest Funds held in a Program Account are credited to the client's advisory Program Account. The Firm does not receive any other service fees, or revenue sharing for funds that are part of the FundVest Program.

Further information regarding charges and fees assessed on these investments can be found in the appropriate prospectus or offering document; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by a broker-dealer other than Pershing in the Managed Portfolio Solutions Program; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law, and (vi) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred into a Program. Clients should be aware that if they transfer in-kind assets into a Program, Comerica Securities, a sub-adviser or separate asset manager can liquidate such assets immediately or at a future point in time and clients could incur a brokerage commission or other charge, including a CDSC. These CDSC charges are paid directly to the fund company and Comerica Securities receives no compensation when a client is subject to a contingent deferred sales charge. Clients also may be subject to taxes when these assets are liquidated. Accordingly, you should consult with your financial consultant and tax consultant before transferring in-kind assets into a Program.

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The Client Fee does not cover certain custodial fees that can be charged to clients by the custodian. This includes, for example, reorganization and bond redemption fees. Clients can also be charged for specific account services, such as account transfers, electronic fund and wire transfer charges, and for certain optional services elected by clients. Similarly, the Client Fee does not cover certain non-brokerage-related fees, such as, annual and termination fees. In addition, for a limited number of services provided by our custodian, if and when applicable, your account will be charged a fee that is higher than the fee assessed by the custodian. Comerica Securities retains the difference between the custodial fee and what you are charged. This includes, for example, outgoing and manual account transfer fees.

Also, some mutual funds assess redemption fees to investors upon the short-term sale of their funds. Depending on the particular mutual fund, this includes sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees. In addition, the custodian can charge short-term redemption fees, including for rebalancing purposes, and a client may incur redemption fees, when the portfolio manager to an investment strategy determines that it is in the client's overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain investments prior to the expiration of any minimum holding period that applies. Depending on the length of the redemption period, the particular investment strategy and/or market circumstances, a portfolio manager may be able to minimize any redemption fees when, in the portfolio manager's discretion, it is reasonable to allow a client to remain invested in an investment until expiration of any minimum holding period.

Any fees you pay reduce the overall value of and net performance of your Program Account. You should consider the aggregate costs and expenses of investment advisory services and products as a whole.

## **D. Prepayment of Fees**

Comerica Securities charges fees in advance for all Managed Portfolio Solutions Program Accounts. Any fee that has been collected in advance will be refunded on a prorated basis. The proration refund to you will be for any days from the point of termination to the end of the billing cycle that you had prepaid. You will receive a credit back to your account for the prorated fees.

## **E. Outside Compensation for the Sale of Securities to Clients**

1. Comerica Securities, acting as a broker dealer, is permitted to receive 12b-1 (service) fees from mutual fund companies in connection with the placement of clients into mutual fund shares. Receiving these fees from mutual fund companies presents a conflict of interest for the Firm and the Financial Consultant as this provides an incentive to recommend funds based on the compensation received, rather than on your needs. To address this conflict of interest, Comerica



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Securities does not encourage or recommend to our Financial Consultants any one mutual fund or fund family over another.

When available from the fund family, Comerica Securities will typically recommend, buy and hold a class of mutual fund shares designed for advisory accounts, as they are more advantageous to the client. This class of mutual fund shares generally does not pay a 12b-1 service fee back to Comerica Securities. In certain instances, because a mutual fund company does not offer institutional class (or other non-12b-1 fee paying) mutual funds or does not contractually offer them to Comerica Securities clients, mutual funds with a more expensive structure will be selected.

Program Accounts may hold and/or add (*i.e.*, recommend or hold) to existing fund positions that have a more expensive structure, even when lower-cost shares of the same fund are available. Certain Separate Account Managers and Fund Strategists invest in mutual funds that have a more expensive structure than mutual funds that are designed for advisory accounts, including mutual funds that impose 12b-1 fees, even when lower-cost shares of the same fund are available.

If mutual fund shares designed for advisory accounts are not available or not used, the purchase will be done with no sales charge regardless of the type of fund class share used. Additionally, if any 12b-1 service fees are received by Comerica Securities for mutual funds held in a Program Account, the fees are credited to the client's advisory Program Account.

Financial Consultants and Comerica Securities receive non-cash compensation from certain insurance and investment companies for support. Such support is used for general business and marketing purposes, including seminars, training conferences and business entertainment. Financial Consultants do not receive any extra insurance premiums or commission for the sale of insurance, annuities, or mutual funds from these companies, nor do they receive additional fee-based compensation for using a specific mutual fund, fund family, separate account manager or fund strategist in your Program Account. Insurance and annuity products are not permitted in your Program Account.

## **2. Financial Consultant Additional Sources of Compensation:**

### Forgivable Loans

From time to time, Comerica Securities adds new associated persons who generally conduct business as both an investment adviser representative of the Firm's investment adviser and as a registered representative of its broker-dealer (hereafter, collectively "Financial Consultant" or "FC"). To assist these new Financial Consultants as they transition to Comerica Securities, the Firm pays the FC a salary in the form of a loan (also referred to as a "draw"). The salary payments are the sum of a fixed dollar amount plus a dollar amount based on percentage of revenue earned during the payroll period.



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While the specific terms for each draw can differ, for newly hired FCs, they are generally structured as a combination of forgivable and non-forgivable loans, which have production- and/or asset-based components (collectively, the “components”). Loans are typically forgivable without condition during the first two years of an FC’s tenure. The amount of the forgivable draw, if any, payable during years 3 through 5 is typically reduced or fully eliminated depending on whether the FC met certain goals based on one or both components during year 1 and each year thereafter, as applicable, and as follows:

- With a production-based component, if an FC meets or exceeds a certain pre-determined sales revenue target (e.g., total of commissions, sales credits, markups/downs, and fees earned during the period), the forgivable draw, if any, for the applicable period will be at a higher amount than if the sales revenue target was not met. Production-based goals present a conflict of interest in that they incentivize an FC to recommend that clients invest using those products or services that provide the greatest amount of revenue to Comerica Securities and themselves, rather than lower-cost products, when available, that pay less or no revenue to the Firm.
- With an asset-based component, if an FC meets or exceeds a certain pre-determined dollar target for new assets, generally excluding money market funds, brought to the Firm, the forgivable draw, if any, for the applicable period will be a higher amount than if the asset target was not met. Asset-based goals present a conflict of interest in that a FC has an incentive to recommend that clients transfer their accounts, including securities holdings and cash to Comerica Securities, rather than maintain them at their current firm. The products and services offered by Comerica Securities, including its fee and commission schedules, will differ in varying degrees from those available, or that the client is currently invested in, at their present firm. The exclusion of money market funds, if applicable to a particular FC agreement, creates an incentive for the FC to recommend alternate investment products, which may have different benefits, features, costs and risks than a money market fund. Account transfers may result in the client incurring administrative or custodial fees (e.g., account transfer or termination fees) and require the liquidation of certain holdings for an account to be transferred. This could result in, for example, reportable tax events and/or additional fees or commissions being incurred by the client.

## Non-Forgivable Loans

Once a forgivable loan term has passed, typically no later than 2 years after the FC’s employment start date, for the remainder of their career with Comerica Securities, the draw received, if any, is in the form of a non-forgivable loan plus a percentage of revenue earned. A non-forgivable loan presents a conflict of interest that in the event of an FC’s separation from the Firm, the FC shall

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be required to repay Comerica Securities for all outstanding draw amounts to the extent not fully recovered against commissions credited as of their employment end date. This creates an incentive for an FC to recommend that clients invest using those products or services that provide the greatest amount of revenue to Comerica Securities and themselves, rather than lower-cost products, when available, that pay less or no revenue to the Firm.

## Other Asset-Based Performance Compensation

From time to time, in addition to the above-described loan structures, the Firm will also enter into an agreement with a newly hired FC that includes an asset-based performance bonus ("Bonus"). While the specific terms of each Bonus will differ, the performance terms are typically structured over a 7- to 8-year period. The Bonus, which is generally based on the FC's current book of business, establishes a pre-determined dollar target for new assets brought to Comerica Securities. Similar to the Forgivable Loan, the Bonus structure will generally exclude money market funds. The dollar target must generally be met by the end of the FC's 5<sup>th</sup> year of employment with the Firm. If the FC meets or exceeds the dollar target, he or she is eligible for a cash payment based on the total amount of new assets as of the end of year 5. The Bonus is payable, in 3 equal parts, over a multi-year period, beginning in year 6. As explained in the Forgivable Loan section (above), asset-based goals and security exclusions present a conflict of interest for the FC and Firm.

To mitigate the above-described conflicts, the Firm has policies and procedures in place regarding account-type and investment recommendations. In addition, your FC has a fiduciary duty to put your interest ahead of his or her own interest and ahead of the interest of the Firm. When your FC provides investment advice regarding an account type, strategy and/or security, including transfer of accounts and assets, he or she is required to act in your best interest.

**Prior to transferring accounts and assets, or making investment decisions, clients are strongly encouraged to review Comerica Securities' Regulation Best Interest Disclosure Document and its Client Relationship Summary, and to speak with their Financial Consultant regarding the important differences between an advisory (investment adviser representative) and a brokerage (registered representative) relationship, including the differences in how Financial Consultants are compensated and how those compensation arrangements create unique conflicts of interest.**

3. You should be aware that you are not obligated to purchase any investment products or services recommended to you by a Comerica Securities Financial Consultant. You can decide to purchase investment products in another account at another firm that is not affiliated with Comerica Securities.

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4. Commissions, asset-based distribution fees, sales fees or other types of compensation are not a primary source of our investment advisory compensation.
5. Comerica Securities does not charge commissions, markups, or markdowns in addition to its advisory fees.

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

Comerica Securities does not charge advisory fees based on the capital appreciation of the funds or securities in a client account (so-called “performance based” fees). Our advisory fee compensation is charged only as disclosed in Item 5 of this brochure.

## **Item 7 – Types of Clients**

Comerica Securities generally provides investment advice to individuals, including high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, or other entities. Our minimum account requirements generally range from \$25,000 to \$1,800,000 depending on the Program you enter. The use of certain SMA managers in an individual portfolio can result in a higher minimum. Please refer to Item 4 - Types of Advisory Services in this brochure for minimum account requirements in each Program.

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

### **Analysis:**

The different methods of analysis used by Comerica Securities, Financial Consultants, sub-advisers or separate asset managers can include a combination of the following depending on the manager: fundamental analysis, technical analysis, qualitative analysis, and quantitative methods of analysis.

*Fundamental analysis* is a method of evaluating a security in an attempt to determine a securities intrinsic value by examining related economic, financial and other quantitative factors. This includes, but is not limited to, reviewing economic conditions, industry conditions, financial statements and management review.

*Technical analysis* is a method that employs a study of past market data, primarily price and volume movements. Charts and other tools are used to identify patterns that may suggest future potential activity.

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*Qualitative analysis* uses subjective judgment based on non-quantifiable information, such as industry cycles, management expertise, strength of available research, and other information that enables one to draw a conclusion as to the “quality” of the security.

*Quantitative analysis* is an assessment of specific measurable data such as debt-to-equity and price-to-earnings ratios, earnings per share, and other financial information on a security that is measurable.

Additional sources of information utilized for providing analysis and formulating investment advice may include, but are not limited to, services such as Bloomberg, Morningstar Analytics, MarketWatch, SEC filings, annual reports, third-party research reports, and various financial publications.

In selecting different investments for models that are suitable for a client’s risk tolerance and financial circumstance, a portfolio manager may utilize a combination of the analysis methods described above and/or other sources of information. Regardless of which method is used or research source utilized, there is no guarantee that the investments chosen will not lose value. Any type of analysis is based on past events and only on information that is available and known. All investments, regardless of the analysis methods used, are subject to political, economic, and social conditions that may occur and cause your investments to lose market value. In addition, changes to interest rates, inflation rates, and currency exchange rates can also negatively affect the value of your investments. Any type of analysis can only attempt to predict how and when these changes may occur and there is no guarantee of accuracy in the analysis that may be the basis for certain types of investments in your portfolio.

## **Investment Strategies:**

Comerica Securities utilizes strategies that revolve around the building of an asset allocation model that is appropriate to the client’s objectives, risk tolerance and investment horizon. In some cases, a specific allocation or completion strategy will be constructed with specific asset classes as may be appropriate for meeting the client’s objectives. Investment strategies are generally long-term in nature; however, short-term trading strategies may be utilized in certain situations as deemed necessary by the portfolio manager. When a short-term strategy is being followed, there will likely be more frequent trading of the account which can affect the performance of the account, particularly through increased tax costs.

Comerica Securities strategies do not include the use of margin. A margin account is a type of account in which a firm lends the investor cash, using the account holdings as collateral, to purchase securities. Margin increases investors’ purchasing power, but also exposes investors to the potential for larger losses.

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Additionally, Comerica Securities and its Financial Consultants do not recommend or allow short sales, option trading or commodities/futures trading within advisory accounts managed directly by Comerica Securities. Program Accounts with Comerica Securities that are managed by sub-advisers or other “outside managers” can invest in securities that employ strategies that are not permitted in accounts managed directly by Comerica Securities Financial Consultants.

## **Risk of Loss:**

All investments in securities include a risk of loss of your principal (invested amount), and any profits that have been realized and those that have not been realized (the securities were not sold to “lock in” the profit). Stock, bond and other financial markets fluctuate substantially over time. In addition, as historical global and domestic events have indicated, performance of any investment is not guaranteed; events can include, but are not limited to, economic changes, politics, war and other conflicts, weather and health-related crises. As a result, there is a risk of loss of the assets we manage that is out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of all or any part of your account assets.

## **Item 9 – Disciplinary Information**

On August 8, 2007, Comerica Securities was censured and fined \$7,500 by FINRA for the following: NASD rule 6230(a) - respondent member failed to report to the trade reporting and compliance engine (TRACE) transactions in trace-eligible securities executed on a business day during trace system hours within 30 minutes of the time of execution.

On January 5, 2009, Comerica Securities was censured and fined \$750,000 by the Financial Industry Regulatory Agency, Inc. (“FINRA”) for the following: Comerica Securities used materials with customer and prospective customers that were not fair and balanced and did not provide a sound basis for evaluating the facts in regard to purchases of Auction Rate Securities (“ARS”). The materials used by the Firm failed to adequately disclose the risks of investing in ARS, including the risk that ARS auctions could fail, that investments in ARS could become illiquid, and that customers might be unable to obtain access to funds invested in ARS for substantial periods of time. The Firm's materials made inappropriate comparisons between ARS and other materially different investments. The Firm failed to establish and maintain procedures reasonably designed to ensure that it marketed and sold ARS in compliance with federal securities laws and applicable NASD and MSRB rules. The Firm failed to provide adequate training to its registered representatives regarding ARS and other investments. The Firm failed to establish and maintain procedures reasonably designed to ensure that marketing and sale of ARS materials complied with the appropriate disclosure standards in NASD rules 2210, 2211, and MSRB rule G-21.

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On September 30, 2015, without admitting or denying the findings, Comerica Securities consented to the entry of an order by the SEC instituting administrative and cease-and-desist proceedings regarding a failure to comply with continuing disclosure requirements with respect to municipal securities offerings. Comerica Securities agreed to comply with the undertakings set forth in the order and paid a fine of \$60,000.

On October 19, 2015, without admitting or denying the findings, Comerica Securities consented to sanctions and to the entry of findings that it failed to identify and apply certain rollover and volume breakpoint discounts to certain customers with eligible purchase of unit investment trusts ("UIT") resulting in those customers paying excessive sales charges of \$197,757.78. Comerica Securities was censured, fined \$150,000.00 and has paid full restitution to all affected customers. The findings stated that the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure that customers received sales charge discounts on all eligible UIT purchases.

On June 14, 2017, without admitting or denying the findings, Comerica Securities consented to sanctions and the entry of findings that it effected 15 customer transactions in municipal securities below the minimum denomination of the issue. The findings also stated that the Firm's supervisory system was not reasonably designed to achieve compliance with respect to the applicable securities laws and regulations. The Firm has taken steps to strengthen its supervisory processes with respect to the applicable requirements. Comerica Securities was censured and ordered to offer rescission to the affected customers; however, all positions had already matured or were called with a single exception; one position had been sold at par. On June 26, 2017, the Firm paid a fine of \$32,500.

On March 11, 2019, Comerica Securities entered into a settlement ("Order") with the U.S. Securities and Exchange Commission ("SEC"). Without admitting or denying the findings, Comerica Securities consented to remedial sanctions and to the entry of findings that, as a result of its self-reported conduct, it willfully violated Sections 206(2) and 207 of the Advisers Act. The Order finds that the violations resulted from the following self-reported conduct of Comerica Securities: The Firm, without adequate disclosure of the associated conflicts of interest related to its and its associated persons' receipt of 12b-1 fees and its selection of mutual funds that pay such fees, invested advisory clients in mutual fund share classes with 12b-1 fees instead of available lower-cost share classes of the same funds without 12b-1 fees.

The Order requires Comerica Securities to cease and desist from committing or causing any violations and any future violations of Advisers Act Sections 206(2) and 207; censures Comerica Securities; requires the Firm to pay disgorgement of \$175,891.40, and prejudgment interest of \$10,486.31, to compensate advisory clients affected by conduct detailed in the Order; and requires Comerica Securities to complete certain undertakings.



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## Item 10 – Other Financial Industry Activities and Affiliations

1. Comerica Securities is a registered broker-dealer. Our broker-dealer activities produce approximately 68% of our revenues.
2. Neither Comerica Securities nor any of its management persons are registered as a futures commission merchant, commodity pool operator or a commodity trading advisor.
3. Comerica Securities is a subsidiary of Comerica Bank which is a wholly-owned subsidiary of Comerica, Inc., a financial services company headquartered in Dallas, Texas.
4. Comerica Securities, through common control and ownership, is an affiliate of Comerica Asset Management ("CAM"), an unincorporated division, which is also part of Comerica, Inc.'s Wealth Management Division. Comerica Securities and CAM share executive leadership. Certain investment management strategies and model services made available in the Comerica Managed Portfolios (Premier and Select), Fund Strategist Portfolios Program (Alpha Fund Advisory, Comerica Index, and Comerica Dimensional Portfolios); and the Unified Managed Account program are provided to Comerica Securities by CAM. Certain CAM provided Fund Strategist Portfolios can also be utilized in the Unified Managed Account program. Though clients are not charged a Manager Fee by CAM for investing in one of these strategies or models, Comerica Bank may receive intangible benefits (e.g., goodwill or brand recognition, etc.) as a result of Comerica Securities offering them. The potential for Comerica Securities to have an incentive to recommend or place client assets in these strategies or models due to this relationship creates inherent conflict of interest.

In addition, as employees of Comerica Bank, the individuals providing these investment management strategies or model services are not subject to the same selection and review process that would occur if other third-party managers were being evaluated. This relationship creates a conflict to use a Program with a Comerica Bank provided model or investment strategy because of our affiliation.

To address these conflicts, Comerica Securities does not endorse one advisory program over another with its Financial Consultants. Moreover, neither Comerica Securities, nor its Financial Consultants receive any additional or enhanced incentive, financial or otherwise, for recommending or placing their client in a CAM provided investment strategy or model over third-party managers. As described in this brochure, the Financial Consultant will only recommend a particular service after compiling pertinent financial and demographic information from the client in order to determine which program may be best suited to the client's needs.



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5. A limited number of Financial Consultants who offer and provide investment advisory services on behalf of Comerica Securities are also dually employed by Comerica Bank or Comerica Bank & Trust (collectively, the "Bank") as Investment Strategists. Comerica Securities, through common control and ownership, is a non-bank affiliate of Comerica Bank and Comerica Bank & Trust, which are part of Comerica's Wealth Management Division. In their capacity as an Investment Strategist, these associates offer and provide investment management services to Bank clients, who are primarily high net worth individuals and corporations. Investment Strategists receive fee-based incentive compensation for providing such services. The products and services offered by the Investment Strategists on behalf of the Bank are generally similar to those offered by Comerica Securities. However, fee schedules for the services offered and the incentive compensation paid to an Investment Strategist and Financial Consultant in their respective capacities varies. In addition, a client can pay more (or less) for Bank services than if they purchased similar advisory services from Comerica Securities. This arrangement creates an inherent conflict of interest for a dual-employee to recommend that clients and prospective clients open new accounts or transfer existing accounts between the Comerica Securities advisory platform and the Bank's trust platform based on the fee schedules and/or incentive compensation structures in place at the time of the recommended account opening or transfer. To mitigate this conflict of interest, both Comerica Securities and the Bank have procedures in place to review and approve all new account openings and to review and approve all transfers of accounts or assets between the Comerica Securities advisory platform and the Bank's trust platform. In addition, Financial Consultants have a fiduciary obligation to you as your adviser and must comply with the Comerica Securities Code of Ethics, and both Financial Consultants and Investment Strategists must comply with the Comerica Code of Business Conduct and Ethics for Employees.
6. All Financial Consultants providing investment advisory services are also registered representatives of Comerica Securities, which creates an inherent conflict of interest. Financial Consultants are paid on a commission basis for trades in their broker-dealer client accounts. Trading and account management in the commission-based accounts can be in direct conflict to trades that may be recommended in your advisory account. Commission-based brokerage accounts can also receive trade execution prices that are higher or lower than your execution prices. While these inherent conflicts exist, your Financial Consultant continues to have a fiduciary obligation to you as your adviser and must comply with all provisions outlined in the Comerica Securities Code of Ethics.

Financial Consultants and Comerica Securities receive non-cash compensation from certain investment companies for support. Such support is used for general business and marketing purposes, including seminars, training conferences and business entertainment. Financial Consultants do not receive any extra commission for the sale of

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mutual funds from these companies, nor do they receive additional fee-based compensation for using a specific mutual fund, fund family, separate account manager or fund strategist in your Program Account.

7. Comerica Securities, through common control and ownership, is an affiliate of Comerica Insurance Services, Inc., which is part of Comerica's Wealth Management Division. Financial Consultants providing investment advisory services are also generally licensed producers of CIS. Producers are paid commissions for insurance and annuity products they sell. Insurance and annuities are not available for investment in advisory accounts. The resulting conflict can create an incentive for your Financial Consultant to recommend the purchase of an insurance or annuity product instead of opening, or adding to an existing advisory account. While this inherent conflict exists, your Financial Consultant must have a reasonable basis to believe that a recommendation is suitable based on the facts and circumstances, and, as applicable, continues to have a fiduciary obligation to you as your adviser and must comply with all provisions outlined in the Comerica Securities Code of Ethics.

Financial Consultants and Comerica Securities receive non-cash compensation from certain insurance companies for support. Such support is used for general business and marketing purposes, including seminars, training conferences and business entertainment.

8. Comerica Securities, through common control and ownership, is an affiliate of Comerica Bank & Trust, National Association ("CB&T"), a national bank with trust powers. Comerica Securities and CB&T have entered into an agreement where Comerica Securities can refer its clients to CB&T for the purpose of obtaining certain professional fiduciary services. CB&T can, at the option of the client, act as a fiduciary (as defined by federal banking law) or agent and perform functions related to the chosen services. CB&T will, with appropriate input from the client and, if applicable, Comerica Securities, offer the client certain investment options; these options include establishing an advisory account with Comerica Securities, a trust account with CB&T (which can invest in certain Comerica Asset Management provided models or strategies), or other investment options approved by CB&T. CB&T and its employees earn fees for the various services they provide. These fees are in addition to any applicable fees a client is paying or will pay for establishing an advisory account with Comerica Securities. Comerica Securities Financial Consultants are eligible to receive incentive compensation, subject to certain eligibility requirements and the type of professional fiduciary services that are provided. In addition, if CB&T establishes an advisory account with Comerica Securities, the Financial Consultant will earn advisory fees.

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This arrangement creates an inherent conflict of interest for a Comerica Securities employee to refer clients and prospective clients to CB&T for professional fiduciary services based on the fees Comerica Securities and CB&T can receive and based on the incentive compensation structures in place at the time of the referral. To mitigate these conflicts, both Comerica Securities and CB&T have procedures in place to review and approve all new account openings and to review and approve all transfers of accounts or assets between the Comerica Securities advisory platform and CB&T's trust platform. Financial Consultants and CB&T employees have a fiduciary obligation to their clients. In addition, Financial Consultants must comply with the Comerica Securities Code of Ethics, and both Financial Consultants and CB&T employees must comply with the Comerica Code of Business Conduct and Ethics for Employees. Clients should consult with their tax and legal counsel prior to engaging CB&T for any professional fiduciary services.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

**A.** Comerica Securities has adopted a Code of Ethics that complies with SEC Rule 204A-1. This Code governs the personal securities trading activities of Comerica Securities' "Supervised Persons," which include any manager, employee or other person who provides investment advice on behalf of Comerica Securities and who is subject to supervision and control by Comerica Securities. The Code recognizes that all Supervised Persons owe a fiduciary duty to the clients of Comerica Securities, including a duty to conduct their personal securities transactions in a manner that does not interfere with the transactions of a client or otherwise take unfair advantage of the relationship with a client.

Our Code includes the following:

- Specific principles of conduct;
- Prohibitions on:
  - Insider trading (if we are in possession of material, non-public information);
  - Rumor mongering;
  - The acceptance of gifts and entertainment that exceed our policy standards;
- Reporting of gifts and business entertainment;
- Reporting all personal securities transactions (what we call "reportable securities" as mandated by regulation);
- Pre-clearance for certain securities transactions by a Supervised Person; and
- On an annual basis, we require all employees to re-certify to our Code.

### ***Comerica Privacy Policy***

Comerica places a high priority on protecting the personal information you provide us. We collect and use personal information such as:

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- Information that we receive from you on applications, forms, online, or other correspondence, such as your name, address, phone number, e-mail address, assets and income;
- Information about your transactions with us, such as account balance, location of transactions, parties to transactions, and payment history;
- Information that we receive from others that you have authorized us to obtain such as credit reports; and
- Information provided by your browser when you visit our Web sites and your browser interacts with us.

The information described above is shared within the Comerica family and with selected parties outside the Comerica family. This sharing is carefully limited for business purposes and our commitment is to continue to protect your right to privacy, even beyond the laws and regulations that protect you. Clients may limit information sharing. Our Privacy Notice fully describes the policies, safeguards, and guidelines we follow to protect your privacy. The notice is provided at the time you establish an account and annually thereafter.

A copy of our Adviser's Code of Ethics and/or Privacy Policy will be provided to any client or prospective client who requests one, without charge. If you would like to obtain a copy of these documents, please contact the Comerica Securities Chief Compliance Officer, in writing at: Comerica Securities Inc., MC 3291, 411 West Lafayette Blvd., Detroit, MI 48226 or by calling us at 800-232-6983 with your request.

**B.** Comerica Securities does not recommend clients buy or sell any security in which our Firm, or any related person, has a material financial interest.

From time to time, employees of Comerica Securities and related persons of Comerica Securities, which are banking subsidiaries of Comerica, Inc., purchase or sell securities for their own accounts which Comerica Securities recommends to its clients. However, Comerica Securities and related persons have established internal trading policies that are designed to prevent the timing of transactions influencing the market prices at which trades are made on behalf of Comerica Securities clients.

**C.** From time to time, Financial Consultants of Comerica Securities buy or sell securities for themselves at the same time as clients. When trading for themselves, Financial Consultants will transact client trades before their own when similar securities are bought or sold. The Comerica Securities Code of Ethics addresses this issue and other fiduciary provisions that all Financial Consultants must comply with.

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## Item 12 – Brokerage Practices

### A. General Considerations – Selecting Brokers for Client transactions and commission charges

Comerica Securities, as a dual registered broker-dealer and investment adviser, derives the majority of its revenue from broker-dealer activities. As a broker-dealer, we have a clearing agreement with Pershing to execute trades for the Firm for both broker-dealer commission accounts and for our advisory accounts.

As a majority of all trades are directed to Pershing, advisory clients may not receive the benefit of the lowest trade price then available for any particular transactions. Comerica Securities does, for certain fixed-income orders, direct trades to other broker-dealers. Please refer to the “Best Execution Policy” section below for additional information on Comerica Securities best execution practices.

Comerica Securities incurs charges from Pershing for securities transactions, including clearing and settlement services. While these charges have been factored into the Firm’s advisory wrap-fee structure, the greater the number of transactions processed the greater the charges that the Firm will incur. This creates an incentive for the Firm to reduce the number of client transactions to reduce the Firm’s cost; this incentive extends to the third-party SMA Managers and Fund Strategists the Firm makes available and the models managed by the Firm’s Financial Consultants. To mitigate this conflict, the Firm has a due diligence process in place for the SMA Managers and Fund Strategists that are made available. For non-affiliated third-party investment strategies, this also includes additional evaluation by PMC. These due diligence processes include both qualitative and quantitative factors. For additional information regarding these processes, please refer to the different advisory programs described in Item 4. – Advisory Business, section A. Managed Portfolio Solutions Wrap Program. In addition, the Firm does not endorse one program, SMA Manager or Fund Strategist over another with its Financial Consultants, nor does it provide a financial incentive to its Financial Consultants to recommend one over another. Financial Consultants are not assessed any portion of these charges; thus, they are free to make investment recommendations and discretionary investment changes when they believe it is in the client’s best interest to do so.

### ***Best Execution Policy***

“Best Execution” means that Comerica Securities will execute securities transactions for clients in such a manner that the client’s total costs or proceeds in the transaction are the most favorable under the circumstances. In assessing whether this standard is met, Comerica Securities will conduct periodic reviews of brokers utilized for executing trades to include, but not limited to, the broker-dealer’s execution services and quality, trading expertise, any research services provided,

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accuracy of execution, fairness in resolving disputes, order handling capacity, financial responsibility, commission rates, and responsiveness of the broker-dealer.

In addition to factors outlined above, Comerica Securities will conduct periodic reviews of trade executions that will include order flow metrics from executing brokers. This review will include information such as, but not limited to, average speed of order execution, average difference between the national best bid and offer at the time of order receipt, and the total dollar value of price improvements received on executed orders.

For accounts utilizing sub-advisers or separately managed accounts, please refer to their Form ADV for additional information on their trading policies. The Firm's Platform provider and clearing firm also have best execution policies and procedures.

## Trading Away and Program Client Costs

In its UMA and SMA programs, Comerica Securities offers investments that include discretionary portfolio management of your Program Account by unaffiliated investment managers (or "sub-advisers"). While a majority of trading in our overall wrap program is directed to Pershing, certain sub-advisers route orders to broker-dealers other than Pershing. Depending on the types of securities traded in a portfolio, certain sub-advisers may place all or substantially all of your trades with another broker-dealer for execution.

When a sub-adviser trades away from Pershing, the executing broker-dealer chosen will typically charge a commission or markup/markdown (collectively, a "charge") on the trade. The charge is generally incorporated into the net price of each trade (*i.e.*, it reduces the amount you receive for the sale of a security and is included in the amount you pay for the purchase of a security). Pershing can also impose certain custodial charges for the administration of such trading. When this occurs, you will incur trading costs in addition to the wrap fee you pay to Comerica Securities.

In addition, because these charges are generally incorporated into the net price of your trade(s), you will not be able to tell by looking at your trade confirmation or account statement whether you incurred additional charges (or the amount of any such charges) in connection with trading away by a sub-adviser.

The sub-advisers offered as part of the MPS Wrap Fee Program have a duty to seek best execution for Program Client transactions. This does not necessarily mean obtaining the lowest commission, but rather, the best overall execution given the particular circumstances. Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances." Program Clients should speak with their Financial Consultant and review the sub-adviser's Form ADV Part 2A for information related to any such additional charges.



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## **Research and Other Soft Dollar Benefits**

### **1. Soft Dollar Practices**

Comerica Securities does not participate in any soft dollar arrangements.

### **2. Brokerage for Client Referrals**

Comerica Securities does not obtain referrals from a broker-dealer or third-party in exchange for using that broker-dealer or third-party.

### **3. Directed Brokerage**

Comerica Securities is a registered broker-dealer, and a majority of all trades for its investment adviser accounts are placed through Pershing, our clearing firm. As trades are directed to Pershing, clients may not receive the benefit of the lowest trade price then available for any particular transactions. As a result, this practice can cost you more money in form of transaction costs. Comerica Securities directs certain fixed-income trades to other broker-dealers in conjunction with its Best Execution policy. Comerica Securities does not allow clients to choose the broker-dealer for any transaction.

## **B. Aggregation and Allocation of Transactions**

Trades executed for accounts in the Personal Portfolio Advisory ("PPA") program can be placed on an account-by-account basis. However, trades executed for discretionary PPA accounts and accounts in other Managed Portfolio Solutions programs can be aggregated by the Platform Manager when placed for execution through Pershing. Pershing can also aggregate trades when providing execution services to our clients to achieve best execution. For accounts that trade mutual funds, trade aggregation does not garner any client benefit and clients all receive the same price for the same fund traded on the same day.

Sub-advisers and external managers can aggregate client trades with their own trades or trades for other clients. See each manager's Form ADV for any policies they may have regarding aggregation of trades.

## **C. Principal Trading**

Comerica Securities will generally act as agent, not principal, when executing transactions for Program Assets in a client's Program Account. (A principal trade is when a securities dealer effects a transaction for its own account.) Principal trades are generally subject to a markup or a markdown (*i.e.*, the difference between our cost or remuneration and the cost or remuneration to



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our customer), which results in compensation or additional benefit to us. When Comerica Securities trades on a principal basis, this compensation or additional benefit creates a conflict of interest. In the event that we conduct principal trades for our advisory clients, we will obtain your prior written consent before executing a principal trade involving Program Assets in your account. Comerica Securities can engage in principal transactions for Unsupervised Assets (*i.e.*, non-advisory/non-Program Assets) held in or associated with your Program Account.

## **D. Cross Transactions – Agency Cross Transactions**

It is the practice of Comerica Securities not to engage in agency cross transactions for Program Assets in investment advisory Program Accounts (An agency cross transaction is when we arrange for one client to buy the same security that is being sold from another client's account). While we do not engage in agency cross transactions, it is not prohibited by our policy. In the event that we conduct agency cross trades for our advisory Program Assets, we will obtain your prior written consent before executing a cross trade involving Program Assets in your account. Comerica Securities can engage in agency cross transactions for Unsupervised Assets (*i.e.*, non-advisory/non-Program Assets) held in or associated with your Program Account.

## **E. Trading Error Corrections**

It is generally the policy of Comerica Securities to handle trading errors so that the affected client and all other clients are in the same position as they would have been had the error not occurred, to the extent reasonably practical, based on the facts and circumstances. In addition, costs associated with correcting the error will generally not be passed on to the client. However, whenever it is determined that the error was a direct result of the client's actions, Comerica Securities can use its discretion to absorb the cost or charge the client directly in whole or in part. If a trade error results in a net gain that is not directly attributable to a client's actions, Comerica Securities has a Trade Error Account that will typically be used to retain such gains to offset any future losses for which the Firm is responsible. The client will retain any gains that are attributable to the client's actions. Comerica Securities does not anticipate that the number of such trade errors or the amount of such resulting gains will be material. In addition, costs associated with correcting the errors will not be passed on to the client, whether directly or indirectly and Comerica Securities does not correct errors by using soft dollars.

Promptly following a trading error (including an error that results in a gain for a client), the applicable Financial Consultant, trader or portfolio manager shall complete a Trading Error Report or Trade Correction Request which collects detailed information about the error including, how it happened, how it was corrected, and the resulting gain or loss. The completed form must then be approved by the applicable department head or designated supervisory principal.

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## Item 13 – Review of Accounts

Prior to being accepted into the program of choice, each account is reviewed by a principal of Comerica Securities. The Investment Strategy Proposal, Investment Policy Statement, Investment Advisory Agreement (or Terms and Conditions) and other required documents, if applicable, will be presented to an appropriate principal for review and approval. Upon the principal's approval, the account is officially accepted into the program.

All accounts in programs offered by Comerica Securities are periodically reviewed. Reviews are conducted to ensure conformity to investment policy guidelines; established asset allocation strategies and the stated needs and objectives of each individual client. Accounts may also be reviewed periodically as market conditions or life events warrant. Factors that can trigger a periodic review include market, economic or political events and changes to a client's personal and financial situation such as retirement, inheritance, divorce and any other significant life events.

Financial Consultants will review client accounts periodically, but no less than annually, to ensure that the accounts are meeting the investment policy guidelines and recommended asset allocation. At this time, Financial Consultants can make recommendations for account rebalancing or reallocation as appropriate.

Additionally, with the exception of the Personal Portfolio Advisory program ("PPA"), when an account is established, clients can choose from three different rebalance schedules (quarterly, semi-annually, and annually) to better suit their investment preferences. Program Accounts are automatically rebalanced in accordance with the schedule chosen by the client when the Client's account was established. When a Program Account is rebalanced, including PPA accounts, the client's portfolio and its holdings are analyzed in relation to their target allocations. This analysis may result in the purchase and/or sale of securities to bring the allocation of each holding back within the model's drift parameters. A Program Account can be rebalanced without resulting in any securities transactions.

As part of each program, clients will receive statements at least quarterly and reporting of their account's performance and progress through quarterly performance reports. The quarterly performance reports for advisory accounts are produced by a third-party vendor and quarterly performance information is not verified for accuracy by Comerica Securities or any other third-party.

In order to ensure that the Investment Program continues to meet the client's objectives, each client is instructed on a quarterly basis that they must provide the Comerica Securities Financial Consultant with updated information regarding their financial condition and investment constraints whenever material changes occur. The Financial Consultant will in turn, use this information to

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recommend or make appropriate changes to the account if necessary. Should a client have questions about the management of their account, the client is encouraged to contact its Comerica Securities Financial Consultant directly.

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

Comerica Securities has in place a Promoter Program, wherein compensation is paid to a “promoter(s)” for the direct or indirect referral of clients to Comerica Securities for the opportunity to offer investment advisory services. Promoters are employees of Comerica, Inc. and its affiliates (“affiliated persons”) and may or may not be current advisory clients of Comerica Securities.

Clients will be referred to Comerica Securities by an affiliated person(s) pursuant to a written agreement between Comerica Securities and the affiliated person(s). Compensation can include a one-time cash payment or ongoing cash payments based on a percentage of the monthly Client Fees paid by you and is generally more than a nominal amount; the payment method varies based on the affiliated person’s role. Payment is limited to 10% of the Client Fees earned during the first 12 months of an advisory relationship; if eligible, payment can be made on subsequent additions to a Program Account. An individual referral can result in payment to more than one affiliated person. The potential for Promoters to receive additional compensation for eligible referrals creates a financial incentive to refer clients to CS to obtain investment advisory services; our affiliation with the Promoter also creates a conflict of interest. CS mitigates these conflicts through a combination of disclosure, training, and policies and procedures which help assure the products and services that we recommend to you are in your best interest.

Referral payment is made only if the prospective client engages in an investment advisory relationship with Comerica Securities for qualifying accounts. Clients will not be charged additional Client Fees as a result of a referral arrangement. The referring employee’s role in the ongoing client relationship, if any, will vary depending on each client’s particular situation. In accordance with SEC Rule 206(4)-1, the client will be provided with a written disclosure statement describing the referral relationship at the time of the referral.

As is the case with all of the Comerica Securities’ service providers, it pays its clearing and custodial firm, Pershing, LLC (“Pershing”) for the various services it provides to the Firm, as a dually-registered broker-dealer and federally registered investment adviser; services include but are not limited to execution, clearing, custody and other services based on a negotiated fee schedule. Comerica Securities receives a fixed dollar Quarterly Business Credit (“QBC”) from Pershing, which is subject to it maintaining a minimum client asset value (“asset value”) on the Pershing platform. The asset value includes client assets held on our brokerage and advisory platforms. The QBC is applied against the expenses incurred with Pershing. The asset value is

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calculated on a quarterly basis and is adjusted for market appreciation or market depreciation. If at the end of any calendar year quarter the asset value does not meet the established minimum, Comerica Securities will not receive a QBC for that quarter. The current arrangement is anticipated to continue through December 2026, although the agreement can be periodically revisited in the intervening time based on mutual agreement of the parties. This arrangement creates an incentive for Comerica Securities to continue its relationship with Pershing, and to place clients in brokerage or investment advisory programs that, by operation of the agreement, could be more profitable to the Firm. Comerica Securities addresses this conflict of interest by disclosing the existence of the compensation in this disclosure, as well as by virtue that its Financial Consultants do not directly or indirectly receive a portion of QBC, including but not limited to, in connection with the opening brokerage or advisory accounts, the execution of transactions or holdings, and providing advice.

## **Item 15 – Custody**

Comerica Securities utilizes a qualified custodian to hold Program Account funds and securities. Under SEC rules, a qualified custodian can be a bank that is supervised by a federal banking agency or a broker-dealer that is registered with the SEC. Comerica Securities investment advisory accounts in the Managed Portfolio Solutions (“MPS”) Program are held in custody with Pershing, a registered broker-dealer.

While Comerica Securities does not hold client funds, securities, or other holdings, we are deemed to have custody under SEC rules due to certain limited authorization clients grant to Comerica Securities to instruct Pershing to disburse, or transfer, funds, securities, or other holdings on the client’s behalf. Comerica Securities is also deemed to have custody due to certain non-investment advisory arrangements clients can enter into with our affiliate, Comerica Bank. As a result, Comerica Securities is required to undergo an annual surprise inspection of its client accounts by an independent public accountant. Your account statements will be sent directly to you by Pershing. You should carefully review your statements when they are received.

## **Item 16 – Investment Discretion**

Accounts in the following Managed Portfolio Solutions Programs: Fund Strategist Portfolios program, Personal Portfolio Advisory (“PPA”), Separately Managed Account Program, and Unified Managed Account Program, are managed on a discretionary basis by separate asset managers, the Overlay Manager, Financial Consultants, and/or by the Firm.

Discretionary authority is granted to the Firm and, as applicable based on the chosen program, the Financial Consultant by the client when the account agreement (*i.e.*, Investment Policy Statement and MPS Program Terms and Conditions) is signed. Investment discretion will be

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utilized by the professional asset managers, overlay managers, the Firm and/or Financial Consultant, if and when applicable. This discretion is a limited power of attorney with respect to making changes to the model, including but not limited to, the purchase, sale or other disposition of securities (*i.e.*, Program Assets) within your Program Account. This includes, for example, the exchange or tender of shares as part of a corporate action.

Any Financial Consultant conducting discretionary business must first seek approval from Comerica Securities to conduct such business. Additionally, in order for a Financial Consultant to enroll new clients in the PPA Program or to utilize a PPA model in a Unified Managed Account, he or she must have, or be working toward, one of the following: Accredited Asset Management Specialist<sup>SM</sup> (AAMS<sup>®</sup>) designation, an Accredited Wealth Management Advisor<sup>SM</sup> (AWMA<sup>®</sup>) designation, a Chartered Financial Analyst<sup>®</sup> (CFA<sup>®</sup>) designation, a Chartered Financial Consultant (ChFC<sup>®</sup>) designation, a Certified Financial Planner<sup>™</sup> (CFP<sup>®</sup>) designation, or a Personal Financial Specialist<sup>SM</sup> (PFS<sup>SM</sup>) designation (Additional information on these professional designations is provided in the Comerica Securities Managed Portfolio Solutions Wrap Fee Program Brochure.)

Clients can impose restrictions on investing in certain securities within their Program Accounts in accordance with their preferences, beliefs and values. However, if the restriction imposed by the client prevents Comerica Securities, or any other manager, from properly servicing or maintaining the proper allocation in the Program Account, Comerica Securities, or any other manager, reserves the right to terminate the account relationship.

### **Item 17 – Voting Client Securities (*i.e.*, Proxy Voting)**

Comerica Securities recognizes that the act of managing equity assets of clients includes the voting of proxies related to these securities. Comerica Securities has adopted and implemented proxy voting policies and procedures reasonably designed to ensure that proxies are voted in the best interests of our clients. Unless you instruct otherwise, Comerica Securities will receive and vote proxies for all applicable securities held in your Program Account(s), including both Program Assets and non-Program Assets.

Proxy voting will be handled by a third-party company who Comerica Securities, sub-adviser or manager has retained for voting client proxies. Proxy voting for our investment advisory accounts is handled by Glass Lewis & Co. ("Glass Lewis"). Glass Lewis is a leading, independent provider of global proxy research and voting recommendations. If a client has a proxy-voting policy or has a preference for how a particular proxy should be voted, and instructs us in writing to follow it, we will comply with the client's instructions except when doing so would be contrary to the client's best economic interests or would otherwise be imprudent or illegal. Where a client has delegated the power to vote portfolio securities in his or her Program Account, Comerica Securities or our proxy designee, will vote the proxies in a manner that is in the best interests of the client with a

## INVESTMENT ADVISORY SERVICES

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view to enhancing the value of the securities held in the Program Account. The Firm's Compliance Council, among other responsibilities, monitors the Firm's proxy voting process and oversees its third-party proxy advisory firm.

Clients can, without charge, request a copy of the Proxy Policy or information about how Comerica Securities or our designee voted proxies relating to securities held in their accounts by contacting, in writing, the Chief Compliance Officer, Comerica Securities Inc., MC 3291, 411 West Lafayette Blvd., Detroit, MI 48226 or by calling us at 800-232-6983.

### **Item 18 – Financial Information**

Comerica Securities does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure. No financial conditions exist that are likely to reasonably impair our ability to meet any contractual conditions to our clients. Neither Comerica Securities nor its management has been the subject of a bankruptcy petition in the last 10 years.

### **Item 19 – Requirements for State-Registered Advisers**

This section is not applicable to Comerica Securities, Inc. as it is an SEC-registered investment adviser.