



## W&S Wealth Solutions® Brochure

W&S Brokerage Services, Inc.  
400 Broadway  
Cincinnati, OH 45202

800-257-2135

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

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This wrap fee program brochure (the “Brochure”) provides information about the qualifications and business practices of W&S Brokerage Services, Inc. (“W&SBS”). If you have any questions about the contents of this Brochure, please contact us at 800-257-2135. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about W&SBS also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. We last filed our Brochure on March 25, 2022. There were no material changes since our last filing.

We will provide you with a copy of the Brochure, at any time, without charge.

Currently, our Brochure may be requested by contacting W&SBS at 800-257-2135. Our Brochure is also available on our web site (<http://www.wslife.com>), free of charge.

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## **Item 4 - Services, Fees and Compensation**

### **Services**

#### ***W&S Wealth Solutions® Overview***

W&SBS is a broker-dealer and investment advisory firm dually-registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). W&SBS was founded in 1974 and is a wholly-owned subsidiary of Western & Southern Financial Group, Inc. Through its investment advisory function, W&SBS offers a fee-based asset allocation program, the W&S Wealth Solutions® (the “W&S Wealth Solutions”) with 25 models (the “Wealth Solutions Models”) invested in affiliated mutual funds, unaffiliated mutual funds, unaffiliated exchange traded funds, and unaffiliated money market funds. This brochure (“Brochure”) provides clients (“client” or “you”) with information about the W&S Wealth Solutions, the fees charged for our services under the W&S Wealth Solutions, and our business practices. Please review this Brochure carefully and consult with your tax professional before you decide to invest in the W&S Wealth Solutions.

The decision to invest in the W&S Wealth Solutions is yours. Before making this decision, you and your financial advisor should discuss whether other programs and investments might be more appropriate for your investment goals or needs. If you decide to invest in the W&S Wealth Solutions, we will not begin providing you advisory services through the program until (i) our acceptance and approval of a written Advisory Agreement between you and W&SBS and (ii) funding of your W&S Wealth Solutions account at the initial minimum investment as determined by W&SBS.

Before investing in the W&S Wealth Solutions, you should decide if you are comfortable forgoing the day-to-day management of your account. Investors in the W&S Wealth Solutions typically:

- Need advice and guidance when making investment decisions;
- Are at ease with a financial professional making their day-to-day investment decisions;
- Are willing to follow a disciplined investment strategy; and
- Are comfortable paying quarterly, asset-based (percentage) fees for investment advice and execution of investments rather than individual commissions or sales charges.

In evaluating fee-based advisory programs, you should consider a number of factors. You may be able to obtain some or all of the same or similar investments and/or services that are available through the W&S Wealth Solutions or other fee-based advisory programs separately from W&SBS in its broker-dealer capacity or from another broker-dealer or investment adviser. You should consider that, depending on the circumstances, the aggregate fees you will pay for investing in the W&S Wealth Solutions may be lower or higher than if you purchased the investments or services separately or through another broker-dealer or investment adviser. An important fact to consider is the amount of trading activity you have in your accounts and the corresponding brokerage commissions that would be charged if you bought and sold individual securities in a brokerage account. You also may experience different performance results or tax consequences from what you would experience by purchasing the investment separately or through another broker-dealer or investment adviser. Additionally, some of the investments available in the W&S Wealth Solutions may not be available to be held or purchased outside of the W&S Wealth Solutions.

As discussed more fully below, your account may invest in one or more affiliated mutual funds whose investment adviser and investment sub-adviser are affiliates of W&SBS. Please read this

Brochure carefully to understand additional conflicts of interest that W&SBS is subject to in connection with recommending affiliated mutual funds and how such conflicts are addressed.

### ***Risk Profile, Investment Objective and Wealth Solutions Model***

The W&S Wealth Solutions is an asset allocation program in which a portion of your investments will be invested in various asset classes based on your selected risk profile ("Risk Profile") and investment objective ("Investment Objective"). Based upon the level of investment risk you are willing to take, the expected time horizon for your financial goals, need, and preference, we will invest your money in a diversified model of affiliated mutual funds, unaffiliated mutual funds, unaffiliated exchange traded funds, and unaffiliated money market funds ("Program Funds") based on target asset allocations. Asset allocation cannot eliminate risk associated with investing, but it can help to keep your account within your stated risk tolerance range.

Before you invest in the W&S Wealth Solutions, we will complete, on the basis of information you provide, an Investment Services Questionnaire and custodial account agreement that contains important information about your account, generally including your time horizon, risk tolerance, need, and preference. Your time horizon will reflect the period over which you expect to be accumulating and/or distributing your investments.

Based upon the level of investment risk you are willing to take and the expected time horizon for your financial goals, we will recommend a Risk Profile.

Risk Profiles in the W&S Wealth Solutions program include:

**Conservative:** Conservative investors typically have a low risk tolerance and/or a short time horizon and seek investment stability and liquidity from their investable assets. The main objective of the conservative investor is to preserve capital while providing income. Conservative investors seek portfolios with low fluctuation levels.

**Moderately Conservative:** Moderately Conservative investors typically have either a moderate time horizon or a slightly higher risk tolerance than a conservative investor and seek both modest capital appreciation and income from their investable assets. The main objective of moderately conservative investors is to preserve their capital, but they will accept fluctuations in the values of their portfolios from year to year.

**Moderate:** Moderate investors typically have a higher tolerance for risk and/or a longer time horizon while seeking relatively stable growth from their investable assets and some level of income. The main objective of a moderate investor is to achieve steady portfolio growth while limiting fluctuations to less than those of the overall markets.

**Moderately Aggressive:** Moderately Aggressive investors typically have a relatively high tolerance for risk and a longer time horizon and seek above-average growth from their investible assets, but have little need for current income. The main objective of the moderately aggressive investor is capital appreciation. Moderately aggressive investors can tolerate moderate fluctuations in their portfolio values.

**Aggressive:** Aggressive investors typically have both a high tolerance for risk and a long investment time horizon. The main objective of aggressive investors is to provide high growth for their investable assets without providing current income. An aggressive investor can accept portfolios with substantial fluctuations in value from year to year, which makes this category inappropriate for those who do not have an extended investment horizon.

Each Risk Profile in the W&S Wealth Solutions program include five Investment Objectives based on your needs and preferences. They are:

**Total Return:** the investor's focus is on total return, and the investor does not have immediate income need or other investment preferences.

**Income Oriented:** the investor is counting on the assets invested in the Wealth Solutions Model to provide an immediate and on-going income stream, but the investor does not have an immediate need to withdraw a significant portion of the investable assets. This portfolio will focus on investment options and/or strategies that generate income distribution. These portfolios invest in higher dividend yielding funds, potentially avoiding having to sell Program Funds to finance the required income stream, which could cause a tax event and/or encounter unfavorable market conditions.

**Socially Conscious:** for a socially conscious investor who prefers funds dedicated to socially conscious causes. These funds may selectively invest in stocks and bonds of companies that have favorable environmental, social, or corporate governance traits, such as firms that address climate change, make an impact in local communities, including indigenous communities, or advocate diversity in company board of directors. These funds may also avoid investing in businesses involved in firearms, alcohol, tobacco, or gambling. When dedicated choices are not available in certain asset classes, priority is placed on those funds that have a higher proportion of their portfolio holdings in securities of companies that are socially conscious. The investor is willing to give up potential investment return and investment income to invest in funds invested in companies that are socially conscious.

**Tax Aware:** for an investor in a non-qualified account who is focused on after-tax return and prefers investment strategies that try to reduce the erosion of return caused by taxes on investment income and gains. The investor does not have immediate income need or other investment preferences.

**EnFocus™:** for an investor focused on growing this portfolio through total return rather than investment income. This Investment Objective operates similarly to Total Return, however when selecting funds, this model accesses only a subset of the Program List (defined in the Program Funds section of this Item).

W&SBS will recommend a Risk Profile and an Investment Objective after reviewing information you provide, including your time horizon, risk tolerance, need, preference, and other pertinent factors. Once your Risk Profile and Investment Objective are selected, W&SBS will select, in consultation with you, a Wealth Solutions Model that is consistent with your chosen Risk Profile and Investment Objective. The chart below illustrates the available Wealth Solutions Models by combining five Risk Profiles and five Investment Objectives.

|                    | <b>Conservative</b> | <b>Moderately Conservative</b> | <b>Moderate</b> | <b>Moderately Aggressive</b> | <b>Aggressive</b> |
|--------------------|---------------------|--------------------------------|-----------------|------------------------------|-------------------|
| Total Return       | ✓                   | ✓                              | ✓               | ✓                            | ✓                 |
| Income Oriented    | ✓                   | ✓                              | ✓               | ✓                            | ✓                 |
| Socially Conscious | ✓                   | ✓                              | ✓               | ✓                            | ✓                 |
| Tax Aware          | ✓                   | ✓                              | ✓               | ✓                            | ✓                 |
| EnFocus™           | ✓                   | ✓                              | ✓               | ✓                            | ✓                 |

You should be mindful that different Investment Objectives have different implications on the following:

- Minimum quarterly fee, addressed in the W&S Wealth Solutions Fee section below within Item 4.
- Required initial investment amount and ongoing Account balance, both addressed in the Requirements to Open or Maintain an Account section in Item 5.
- How W&SBS manages your account, such as how a fund in your account is liquidated when a Program Fund is replaced, and how your account is rebalanced to your Wealth Solutions Model, as described below.

Portfolio rebalancing serves an important function in keeping a portfolio targeted to the appropriate level of risk. A threshold approach to portfolio rebalancing helps mitigate the risk of a portfolio drifting too far outside of the desired asset allocation. At least once a quarter W&SBS reviews your portfolio for rebalancing purpose, and your portfolio will be rebalanced when the weight of any asset class deviates more than the threshold percent from the asset class' target. The threshold is determined as follow:

- For an account with an Investment Objective of Total Return, Income Oriented, Socially Conscious, and EnFocus™, the rebalancing threshold is +/-5% from the asset class' target weight. Trade amounts less than \$625 are considered de minimis, and such trades will not be made.
- For an account with an Investment Objective of Tax Aware, the rebalance threshold is +/-8% from the asset class' target weight. Trade amounts less than \$1,000 are considered de minimis, and such trades will not be made. This wider band and/or higher de minimis trade amount reduces trading and its potential tax consequences.

For an account with an Investment Objective of Total Return, Income Oriented, Socially Conscious, and EnFocus™, the following describes how W&SBS manages your account:

- Your new account is immediately invested in your Wealth Solutions Model.
- When a Program Fund in your Wealth Solutions Model is replaced by another Program Fund, the liquidation of the previous fund and the purchase of the new fund are made immediately, without regard for tax consequences.

For an account with an Investment Objective of Tax Aware, the following describes how W&SBS manages your account:

- Your new account that is funded in January through October is immediately invested in your Wealth Solutions Model. Your new account that is funded in November through December is first invested in exchange traded funds of similar market exposure to the Program Funds in your Wealth Solutions Model. This process avoids purchasing mutual funds when they are most likely to make their annual capital gains distributions. These exchange traded funds are replaced with the Program Funds in your Wealth Solutions Model in January of the subsequent year.
- When a Program Fund in your Wealth Solutions Model is replaced by another Program Fund, the following chart explains the timing of the replacement, according to three factors: whether the investment thesis behind this replacement is immediate, your tax status in this Program Fund, and your holding period in this Program Fund. When the investment thesis behind the replacement is not immediate, you have an unrealized short-term capital gain in this position, and you have held this position for at least 10 months, this fund will be held until its holding period exceeds 12 months when it qualifies for long-term capital gains tax rate.

| <b>Investment Thesis</b>         | <b>Your Tax Status in This Program Fund</b> | <b>Your Holding Period in This Program Fund</b> | <b>This Program Fund Will Be</b>                |
|----------------------------------|---|---|---|
| Immediate liquidation            | (Not applicable)                            | (Not applicable)                                | Replaced immediately                            |
| No need to liquidate immediately | Unrealized Capital Loss                     | (Not applicable)                                | Replaced immediately                            |
| No need to liquidate immediately | Unrealized Long-Term Capital Gain           | (Not applicable)                                | Replaced immediately                            |
| No need to liquidate immediately | Unrealized Short-Term Capital Gain          | Holding period is less than 10 months           | Replaced immediately                            |
| No need to liquidate immediately | Unrealized Short-Term Capital Gain          | Holding period is at least 10 months            | Held until its holding period exceeds 12 months |

- W&SBS does not initiate tax-loss harvesting on your behalf. W&SBS will take your request to harvest losses in November and December of each year, and you may request amounts and whether the losses are to be short-term or long-term. We may, in our discretion, determine whether we can meet your request. W&SBS decides which funds to liquidate. The identified funds are sold and replaced by exchange traded funds of similar market exposure to the Program Funds in your Wealth Solutions Model. These exchange traded funds are then replaced with the Program Funds in your Wealth Solutions Model in January of the subsequent year.



## ***Program Funds***

W&SBS, through the use of an affiliated sub-adviser, Fort Washington Investment Advisors, Inc. (the “Sub-Adviser” or “FWIA”), constructs the asset allocation for each Wealth Solutions Model using different Program Funds and different target weightings of asset classes, taking into account risk tolerance, time horizon, need, preference, and other pertinent factors. The Sub-Adviser is solely responsible for determining the particular asset classes and asset allocations that are appropriate for various Wealth Solutions Models. The Sub-Adviser will periodically review the asset allocation of each Wealth Solutions Model. Due to various influences, such as changing market conditions or a reclassification of a Program Fund to a different asset class, the Sub-Adviser periodically will change the asset allocation or target weighting of a Wealth Solutions Model. If the Sub-Adviser changes the asset allocation or target weighting of your Wealth Solutions Model, W&SBS will automatically rebalance your account to align with the new asset allocation or target weighting, according to the rebalancing guideline stated in your Investment Policy Statement.

W&SBS, through the Sub-Adviser, chooses the affiliated mutual funds, unaffiliated mutual funds, unaffiliated exchange traded funds, and unaffiliated money market funds to create the list of Program Funds available in the W&S Wealth Solutions (the “Program List”). Certain of the Program Funds (the “Proprietary Funds”) are advised and underwritten respectively by Touchstone Advisors, Inc. and Touchstone Securities, Inc. (the “Affiliates”), which are affiliates of W&SBS and the Sub-Adviser of the Proprietary Funds. In such situations, the Affiliates will receive fees from the pertinent Proprietary Fund for serving as investment adviser and/or other service provider to the Proprietary Fund (as detailed in the Proprietary Fund’s prospectus). These fees will be in addition to the management fees that the Sub-Adviser receives for its ongoing management of the W&S Wealth Solutions, which creates a financial incentive for the Sub-Adviser to utilize Proprietary Funds. The Program List will not include mutual funds that are sub-advised by the Sub-Adviser.

W&SBS, at the recommendation of the Sub-Adviser, can make changes to the Program List at any time and can change the amount of your money that is invested in the different asset classes, as well as add and remove asset classes at any time without prior notice. Adding or removing asset classes could result in the purchase or sale of a Program Fund in your account. Liquidation may cause a taxable event as well as additional fees and expenses charged by Program Funds including, but not limited to, redemption and short-term trading fees.

If a Program Fund is removed from the Program List for any reason, the Program Fund can no longer be held in your W&S Wealth Solutions account. If that occurs, we will liquidate the Program Fund being removed and replace it with a recommended Program Fund. Until the Program Fund designated for removal is actually removed from your account, there is a possibility that additional shares of that Program Fund may be purchased. Such purchase(s) may occur in a number of instances including, but not limited to, when assets are added to your account or a rebalancing occurs. The purchase of additional shares of such Program Fund and the eventual mandatory removal of such shares may result in a taxable event. The replacement Program Fund may be subject to higher internal expenses than the prior investment.

There is no guarantee that the Program Funds will perform in any particular manner. Past performance is not a guarantee of future results. It is important that you read the prospectus of each pertinent Program Fund before investing in the W&S Wealth Solutions. Further details about a Program Fund can be found in its Statement of Additional Information (“SAI”) and shareholder reports.

## ***Investment Discretion***

When you decide to invest in the W&S Wealth Solutions, you will sign a client agreement indicating that you agree to all of its terms and conditions. By signing the client agreement, you give W&SBS and the Sub-Adviser investment discretion, and you give W&SBS trading authority over your account. You do not give W&SBS the authority to choose or change your account's Wealth Solutions Model.

The discretionary investment authority you give to W&SBS and the Sub-Adviser includes the following:

- Selecting the Program Funds for your account's Wealth Solutions Model;
- Removing Program Funds from the Program List and your account;
- Replacing a Program Fund in your account with another recommended Program Fund;
- Determining the asset allocations and changing an asset allocation at any time; and
- Adding and removing asset classes, which could result in the purchase of Program Funds to fill the newly added asset class or sale of a Program Fund to support the removal of an asset class.

The discretionary investment and trading authority you give to W&SBS includes the following:

- Using discretion as to the time W&SBS will make a trade in your account and the price we will pay for investments in accordance with our obligation of best execution;
- Aggregating trades;
- Investing funds and reinvesting all dividends and proceeds earned by your account into Program Funds;
- Automatically buying and selling Program Funds to rebalance your account to the target asset allocation, when determined necessary by W&SBS;
- Deducting cash, selling money market shares, or selling mutual fund shares and deducting the proceeds from your account, to pay W&SBS your W&S Wealth Solutions Fee (as discussed below);
- Determining the appropriate mutual fund share classes for investment in the W&S Wealth Solutions, which may not be the lowest-priced share class available in the particular mutual fund;
- Converting mutual fund shares into another mutual fund share class;
- Terminating your account at any time;
- Liquidating the Program Funds in your account if W&SBS terminates your account; and
- Converting mutual fund shares from an advisory share class to an appropriate non-advisory share class if you or W&SBS terminates your account.
- For an account with an Investment Objective of Tax Aware, liquidating Program Funds in your account, if you request tax loss harvesting in November and December of each year.

You should understand that mutual funds generally offer multiple share classes depending on certain eligibility and purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A and C shares), mutual funds may also offer institutional share classes and other share classes that are specifically designed for accounts that participate in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense

ratio than other share classes. However, you should not assume that you will be invested in the share class with the lowest possible expense ratio or that a particular mutual fund company will allow all share classes to be available in the W&S Wealth Solutions. While W&SBS and the Sub-Adviser generally seek to obtain the lowest cost share class available, you may not, at all times, hold the lowest cost share class available. W&SBS and the Sub-Adviser will periodically review the universe and exercise the right to review and seek to improve your share class. W&SBS has the discretion to convert your share classes at any time. In addition, should you terminate your W&S Wealth Solutions account, certain Program Funds may no longer allow you to continue to hold a specified share class and may convert your share class without prior notification.

The discretionary investment authority you give to W&SBS and the Sub-Adviser can be exercised any time without prior notice to you. Similarly, the trading authority you give to W&SBS can be exercised at any time and without prior notice to you.

### **Fees and Compensation**

You will pay asset-based fees for each W&S Wealth Solutions account you open (the “W&S Wealth Solutions Fee”), less any applicable fee reduction (as discussed more fully below). The W&S Wealth Solutions Fee will be deducted from your account quarterly.

In addition to your W&S Wealth Solutions Fee, the Program Funds in which your account invests have internal fees and expenses that are described in the prospectus of each pertinent Program Fund. These internal fees and expenses vary depending upon the particular Program Fund.

### ***W&S Wealth Solutions Fee***

The W&S Wealth Solutions Fee is an asset-based fee for certain investment advisory services, including:

- Investment model construction and ongoing asset allocation guidance to distribute your money appropriately across different asset classes;
- Custodial and clearing services provided by Pershing, LLC (“Pershing”), an unaffiliated fully disclosed clearing firm for W&SBS, as clearing firm and custodian;
- Transaction costs and fees for trades, all of which are executed through Pershing;
- Ongoing due diligence, monitoring and portfolio management;
- Dynamic rebalancing so that your portfolio stays aligned with your investment goals and appropriate level of risk;
- Quarterly performance reports;
- Upon your request and instructions to Pershing, systematic additions/withdrawals within your W&S Wealth Solutions account at Pershing, customized to your needs; and
- Ongoing personal investment advice and service from your W&SBS financial advisor.

The amount of the W&S Wealth Solutions Fee will depend on the market value of your W&S Wealth Solutions account.

|            | <b>Value of Assets in Account</b> | <b>Annual Fee Rate</b> |
|------------|-----------------------------------|------------------------|
| First      | \$250,000                         | 1.50%                  |
| Next       | \$250,000                         | 1.40%                  |
| Next       | \$250,000                         | 1.30%                  |
| Thereafter |                                   | 1.10%                  |

The following minimum quarterly fee applies:

- For an account with an Investment Objective of Total Return, Income Oriented, Socially Conscious and Tax Aware, the minimum quarterly fee is \$500 for a full quarter.
- For an account with an Investment Objective of EnFocus™, the minimum quarterly fee is \$250 for a full quarter.

#### ***How the W&S Wealth Solutions Fee Is Calculated and Paid***

The W&S Wealth Solutions Fee is based on the market value of all assets held in your account, including cash, cash equivalents, and shares of affiliated mutual funds, unaffiliated mutual funds, unaffiliated exchange traded funds, and third-party money market funds. The W&S Wealth Solutions Fee is comprised of fees assessed at annual rates (shown above). As the value of the assets in your account increases or decreases, you are charged according to the applicable tiered fee schedule set forth above.

The W&S Wealth Solutions Fee will reduce the account's overall returns and performance.

The W&S Wealth Solutions Fee is charged to your account each quarter, in advance. If your W&S Wealth Solutions account is opened for part of a quarter, then your W&S Wealth Solutions Fee will be prorated based on the number of days your account has been open and invested in the W&S Wealth Solutions. The amount you pay is determined by the market value of the assets in your account as of the last business day of the previous calendar quarter.

Upon instruction to Pershing, you may also withdraw assets from your W&S Wealth Solutions account at any time, subject to the usual and customary settlement procedures. All withdrawals are first funded from the amount in your cash or money market funds in your account. If the amount maintained in cash or money market funds is not enough to meet a withdrawal request, the remaining amount of the withdrawal request will be satisfied by redeeming other investments held in your account. Withdrawals may have tax consequences such as capital gain taxes, or may be subject to other charges assessed by mutual fund companies or Pershing.

The W&S Wealth Solutions Fee is deducted directly from your W&S Wealth Solutions account and paid using the cash portion of the Wealth Solutions Model in which you are invested, which may include cash or assets invested in a money market fund. If there is insufficient cash or assets in the money market fund, we are authorized to sell a sufficient amount of assets to pay the W&S Wealth Solutions Fee. If W&SBS sells assets, this may trigger a rebalance of your account. Such transactions will be effected without regard for tax consequences. You will likely have to pay redemption fees to the pertinent mutual fund company if those shares were held for only a short time. (See below for more information on redemption fees.) Trades as a result of a liquidation of a mutual fund in a taxable account may result in a taxable event.

### ***Other Fees and Expenses***

*Internal Fees and Expenses of the Program Funds; Possible Redemption Fees.* Each Program Fund (including the Proprietary Funds) has internal management fees and ongoing expenses that are deducted from the Program Fund's assets, which has the effect of reducing the Program Fund's net asset value ("NAV"). These are the standard fees and expenses that all fund shareholders pay. Internal Program Fund fees and expenses vary depending on the particular Program Fund. Many Program Funds used in the W&S Wealth Solutions have different share classes with different internal expenses. The prospectus for each Program Fund will describe the standard fees and expenses and the internal fees and expenses. Expenses may include fees paid by the Program Fund on an ongoing basis from its assets for shareholder services, distribution and marketing expenses pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("Rule 12b-1 Fees"). W&SBS and the Sub-Adviser strive to use the lowest cost share class possible given the investment amount in the fund. Certain mutual funds waive the minimum investment amount for their lower cost share classes, but some, including Proprietary Funds, may not make their lower cost share classes available unless the stated minimum investment amount is met. Therefore, it may be necessary in some circumstances to use another share class with higher fees, which in some cases may include Rule 12b-1 Fees. Rule 12b-1 Fees are paid to Pershing, and W&SBS does not benefit from using share classes that include Rule 12b-1 Fees in the W&S Wealth Solutions. W&SBS does receive Rule 12b-1 Fees in its brokerage capacity.

Internal fees and expenses are in addition to the W&S Wealth Solutions Fee described above. You will not see a separate entry on your account statement showing these fees and expenses; rather, the return of the Program Fund is shown net of expenses.

Certain Program Funds may also impose redemption fees if the mutual fund was held for only a short time (typically anywhere from 30 days to 12 months). The prospectus and SAI will describe whether the fund company has a redemption charge and whether there are instances when the redemption fees will be waived.

Any internal fees and expenses charged by a Program Fund, as well as the fee you pay for the W&S Wealth Solutions, will affect your account's investment performance.

*Fee Layering.* Investing through an advisory account such as the W&S Wealth Solutions into Program Funds, whether affiliated or unaffiliated, results in the payment of two or more levels of investment management fees, one to the adviser at the advisory account level (the W&S Wealth Solutions Fee) and another charged at the fund level to the manager of the investment fund (the Program Fund management fee). If the investment fund in turn invests in underlying funds, or is sub-advised by another adviser, an additional layer of fees and expenses may occur. There is no reduction of the W&S Wealth Solutions Fee to offset the layering of fees that results from investing in a Program Fund, whether the Program Fund is affiliated or unaffiliated.

***Affiliated Mutual Funds:*** The investment adviser and the underwriter/broker-dealer to each of the Proprietary Funds are affiliates of W&SBS and receive fees from the pertinent Proprietary Fund for serving in these capacities. These fees are in addition to the W&S Wealth Solutions Fee, which creates a financial incentive for W&SBS and the Sub-Adviser to utilize Proprietary Funds in the W&S Wealth Solutions program. As discussed below in Item 6 – Portfolio Manager Selection and Evaluation, in selecting and retaining Program Funds, W&SBS and the Sub-Adviser subject the Proprietary Funds and unaffiliated funds to the same investment screening and initial and ongoing evaluation process to determine their eligibility for inclusion in the program.

***Other Fees and Expenses Paid to Pershing.*** In addition to the W&S Wealth Solutions Fee, clients using the W&S Wealth Solutions may incur other fees and expenses charged by Pershing and paid directly from their accounts. These charges may include but are not limited to wired funds, overnight check delivery, margin extension, insufficient funds and returned checks, retirement account termination fee, full outgoing account transfers fee for non-retirement account, braille statements, and large print statements. The custodian will charge a processing fee for an Unrelated Business Taxable Income Tax Returns (IRS Form 990-T), which should be a rare occurrence in the W&S Wealth Solutions.

***Rule 12b-1 Fees:*** Mutual fund companies, including the investment managers of the Proprietary Funds, or their affiliates may pay Rule 12b-1 Fees to Pershing for distribution and marketing expenses. W&SBS does not benefit from Program Funds that include Rule 12b-1 Fees in the W&S Wealth Solutions. W&SBS does receive Rule 12b-1 Fees in its brokerage capacity.

### ***Potential Fee Reductions***

If your W&S Wealth Solutions account is funded from an account you held at W&SBS that incurred commissions or redemption fees within thirty-six (36) months, the W&S Wealth Solutions Fee will be reduced for up to twenty-four (24) full months in which the account is active in the W&S Wealth Solutions program. The amount of the fee reduction will depend on the timing of trade activity for such security, or other characteristics of the account activity in the previous W&SBS account. Ask your financial advisor for additional information about potential fee reductions. Any fee reductions will be applied in accordance with policies established by W&SBS, which may be amended from time to time. If you close your account in the W&S Wealth Solutions program before receiving the entire fee reduction, you may not receive any of the remaining fee reduction that may have been available for your account.

If you are selling securities to invest in the W&S Wealth Solutions but did not purchase them through W&SBS, you will not receive a fee reduction.

In addition, the W&S Wealth Solutions Fee may be lower than the above schedules should you negotiate a lower W&S Wealth Solutions Fee. However, reducing the W&S Wealth Solutions Fee is at the sole discretion of W&SBS.

### ***Financial Advisor Compensation; Comparing Costs and Expenses***

Your financial advisor receives a portion of the W&S Wealth Solutions Fee. As a result, your financial advisor has a financial incentive not to negotiate the W&S Wealth Solutions Fee. The portion of the W&S Wealth Solutions Fee paid to your financial advisor is at the discretion of W&SBS. The fee rate paid to your financial advisor will be the same regardless of your Wealth Solutions Model. As a result, your financial advisor does not have a financial incentive to recommend one Wealth Solutions Model over another.

You can choose to forgo the services of the W&S Wealth Solutions and buy and sell assets through W&SBS as a broker-dealer (though not all Program Funds are available when W&SBS acts as a broker-dealer) or through other brokers or agents unaffiliated with W&SBS. If you purchase these investments through W&SBS as a broker-dealer, you will pay sales charges or commissions, a portion of which would be paid to your financial advisor. A financial advisor will typically earn more in upfront fees and commissions initially when you use brokerage services. In the alternative, a financial advisor will typically earn more over time if you invest in the W&S Wealth Solutions. This creates a conflict of interest and a financial incentive for the financial advisor to recommend the W&S Wealth Solutions instead of brokerage services.

The assets under the care of W&SBS, both within the Wealth Solutions Models and otherwise, will impact your financial advisor's eligibility for additional compensation, award or other financial incentive.

Financial advisors are eligible to participate in the Western & Southern Life Awards and Recognition Program ("Award Program"), which includes domestic and international travel. Eligibility for an Award Program is based upon the amount of new and existing assets under care for a financial advisor, including assets in the W&S Wealth Solutions program attributable to the financial advisor. Thus, a financial advisor may have a financial incentive to recommend investing in, or continued participation in, the W&S Wealth Solutions over other programs or services.

Again, as outlined above, before you invest with W&SBS, we will complete, on the basis of information you provide, an Investment Services Questionnaire and custodial account agreement that contains important information about your account, generally including your time horizon, risk tolerance, need, preference, and other pertinent factors. Your time horizon will reflect the period over which you expect to be accumulating and/or distributing your investments, thus assisting W&SBS in assessing whether a traditional brokerage account or the W&S Wealth Solutions is most appropriate for you.

## **Item 5 - Account Requirements and Types of Clients**

### **Types of Clients**

W&SBS offers clients a range of financial services. The W&S Wealth Solutions may not be appropriate for every client or every account type. Generally, the W&S Wealth Solutions is available only to residents or entities of the United States and certain U.S. territories with the following types of accounts: individual; joint; trusts; charitable organizations; corporations and other business structures; traditional IRAs and Roth IRAs; and Benefit Plans. Benefit Plans include an owner-only 401(k) plan, a Savings Incentive Match Plan for Employees ("SIMPLE") IRA, a Simplified Employee Pension ("SEP") IRA, and other eligible plans.

W&SBS can prohibit any person or entity from investing or remaining in the W&S Wealth Solutions for any reason, including if we do not believe it is an appropriate investment strategy for that person or entity. As a general rule, you should not invest in the W&S Wealth Solutions if you want to actively trade in mutual funds or have a time horizon shorter than three years.

## **Requirements to Open or Maintain an Account**

The initial investment in your W&S Wealth Solutions account is as follows:

- For an account with an Investment Objective of Total Return, Income Oriented, Socially Conscious and Tax Aware, the initial investment generally must be at least \$250,000.
- For an account with an Investment Objective of EnFocus™, the initial investment generally must be at least \$75,000.

You can fund your W&S Wealth Solutions account with cash, mutual funds, or exchange traded funds. For all account types, if you transfer mutual funds and/or exchange traded funds into your W&S Wealth Solutions account and those funds are shares of one or more Program Funds within your Wealth Solutions Model, the funds may or may not be liquidated as above, depending upon factors such as the share class and values of the funds you transfer in and the type and values required by your Wealth Solutions Model at the time of the transfer. Any funds you transfer into your account that are not Program Funds within your Wealth Solutions Model will be liquidated and the proceeds invested as described above.

You may add or withdraw funds from your account upon request to the custodian. Additions and withdrawals from your account may result in W&SBS selling or purchasing assets in your account in accordance with your Wealth Solutions Model and in a manner that attempts to minimize variations in the asset allocation and target weightings within your account.

All liquidations and redemptions of mutual funds and exchange traded funds described in the circumstances above will be made as promptly as practicable without regard to mutual fund redemption fees that may be assessed on the liquidation or redemption of those mutual funds. W&SBS will act in its capacity as a broker-dealer, not as a fiduciary or investment adviser, in connection with such transactions and will sell those funds at no commission; however, you will incur a small transaction fee for each trade that W&SBS makes on your behalf. It may be in your best interest to liquidate these funds prior to establishing an advisory account with W&SBS. The proceeds will be invested in your W&S Wealth Solutions account. We will not provide advice and/or guidance regarding the funds being sold to fund your W&S Wealth Solutions account. Trades that occur in a taxable account will result in a taxable event to you. Please consult with your tax professional.

If you terminate your W&S Wealth Solutions account or transfer shares of Program Funds into another account at W&SBS or outside W&SBS, W&SBS, Pershing or the mutual fund, may liquidate or convert those funds into a different share class, which generally will have higher fees and expenses.



The total value of your account is monitored by W&SBS. If the value of your account falls below the initial investment minimum, we may, in our discretion, remove your account from the W&S Wealth Solutions program. In general:

- For an account with an Investment Objective of Total Return, Income Oriented, Socially Conscious and Tax Aware, we may remove your account from the W&S Wealth Solutions program if the total value of your account drops below \$100,000. As an alternative, we may offer you to convert your account to a Wealth Solutions Model of the same Risk Profile with the EnFocus™ Investment Objective, which has an account minimum of \$75,000. It is your discretion whether to make this conversion, and you will be required to complete a new Investment Policy Statement. Your account will then be rebalanced in accordance with the new Wealth Solutions Model.
- For an account with an Investment Objective of EnFocus™, we may remove your account from the W&S Wealth Solutions program if the total value of your account drops below \$50,000.

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

### **How Program Funds and Their Managers are Selected and Reviewed**

The Sub-Adviser's investment process is focused on maximizing long-term results. A robust due-diligence process strives to ensure that a systematic and evidence based approach is used to evaluate each investment strategy. The investment process is broken into five primary steps:



Each W&S Wealth Solutions Portfolio is built on this process and designed with the goal of delivering long-term outperformance versus its respective benchmark. The anticipated outperformance is driven by the aforementioned strategic/tactical asset allocation guidance and the investment manager due-diligence. There is no guarantee that any Wealth Solutions Model will achieve its investment goal. The strategy due-diligence and process to select investments for the W&S Wealth Solutions program is outlined below. Affiliated funds and unaffiliated funds undergo the same investment screening and initial and ongoing evaluation process.

**Creation of the Screening Universe:** Investment managers and styles are continuously evaluated in database screens, independent portfolio manager research by the Sub-Adviser's Due Diligence Committee, and ongoing analysis of industry trends.

**Quantitative Screen:** A proprietary multi-factor model is used to screen and score investment managers versus their peers. As opposed to chasing past performance, academic research and evidence based investing is built into the model to help identify highly skilled investment managers. The analysis is designed to create an analytical edge. In order to eliminate irrelevant information, each Program Fund's Portfolio Manager is evaluated based solely on their time as the lead Portfolio Manager. A premium on metrics with statistical significance, or the likelihood that the relationship between the manager and the metric is caused by something other than random chance, are used to improve the statistical accuracy of determining a manager's skill.

**Qualitative Evaluation:** Qualitative factors are evaluated, leveraging the breadth of expertise and resources across the Sub-Adviser's 13 unique strategies and \$78.3 billion in assets under management<sup>1</sup>. Factors include investment discipline, investment team, conviction, and risk management.

**Investment Committee Due Diligence:** Only investment managers that have been vetted and approved by the Sub-Adviser's Due Diligence Committee are built into our client's portfolios. The Committee, comprised of senior leadership across FWIA, conducts a rigorous evaluation process to ensure an investment manager's strategy is in line with our client's investment goals. Only funds that have been approved by the Committee will be included in the portfolios developed for the W&S Wealth Solutions program. Each approved and recommended strategy is monitored on a periodic, ongoing basis to evaluate its continued appropriateness for the portfolio's objective.

### **Performance-Based Fees and Side-by-Side Management**

W&SBS does not charge performance-based fees to its investment advisory clients and does not face the potential conflicts of interest that may arise when some clients pay performance-based fees and others do not.

### **Methods of Analysis and Investment Strategies**

As noted above, W&SBS, through the Sub-Adviser, constructs the asset allocation for each Wealth Solutions Model using selected Program Funds and different target weightings of asset classes, taking into account risk tolerance, time horizon, need, preference, and other pertinent factors. The Sub-Adviser, working with W&SBS, is responsible for determining the particular asset classes and asset allocations that are appropriate for various Wealth Solutions Models. The Sub-Adviser will periodically review the asset allocation of each Wealth Solutions Model. Due to various influences, such as changing market conditions or a reclassification of a Program Fund to a different asset class, the Sub-Adviser periodically will change the asset allocation or target weighting of a Wealth Solutions Model. When a Risk Profile and an Investment Objective have been selected for a particular client in the W&S Wealth Solutions program, W&SBS then selects, in consultation with you, a Wealth Solutions Model that is consistent with the chosen Risk Profile and Investment Objective.

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<sup>1</sup> FWIA assets under management as of 12/31/2021

## **Risk of Loss**

All Wealth Solutions Models employed in the W&S Wealth Solutions involve risk of loss.

Investing in securities involves risk of loss (including loss of principal) that each client should be prepared to bear. Typical investment risks include market risk, typified by a drop in a security's price due to company specific events (such as an earnings disappointment or a downgrade in the rating of a bond) or general market activity (such as occurs in a "bear" market when stock values fall in general). Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Fixed-income strategies are subject to interest rate risk, as well as the inherent credit risk related to the underlying credit worthiness of the various issuers and the volatility of the bond market.

Wealth Solutions Models in some Risk Profiles may be high-risk investment strategies. While such strategies have the potential for substantial returns, they involve correspondingly significant risks and are not intended for all types of clients. Clients who choose to follow high-risk strategies should be aware that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly recommended that clients diversify their investments and do not place all of their investments in high-risk strategies. Please refer to the Risk Profiles outlined above.

Investing in mutual funds that invest in thinly traded securities introduces liquidity risk. Liquidity risk is a financial risk that, for a certain period of time, a security cannot be readily traded in the market or cannot be traded without a significant discount to the market price. All tradable assets assume some level of liquidity risk. For example, small cap mutual funds may invest in portfolio securities that may have liquidity risks if there are not buyers and sellers available or if a counterparty cannot fulfill the order.

Investing in securities of exchange-traded funds (ETFs) represent shares of ownership in either open-end investment management companies or unit investment trusts (UITs) that generally hold a portfolio of common stocks or bonds designed to generally correspond to the price and yield performance of a specific securities index. The underlying portfolio may have a broad market, sector or international orientation. Investing in ETFs may have certain risks, including; as with any security, active trading in ETFs can increase the cost of the portfolio; depending on the concentration of holdings within an ETF it could increase the market risk, political risk and liquidity risk of that ETF; ETFs do not always track the index they are modeled after, nor do ETFs always invest in the way that their name suggests; and a lack of price discovery could occur if everyone owned just ETFs then there is no trading in the underlying holdings within the ETF, which could create the issue of no pricing of the component holdings in that ETF.

The risk factors associated with an investment in a particular Program Fund are set forth in the Program Fund's prospectus. It is important that you read the prospectus of each pertinent Program Fund before investing in the W&S Wealth Solutions.

## **Voting Client Securities**

Clients in the W&S Wealth Solutions program have exclusive responsibility for voting proxies in connection with their W&S Wealth Solutions investments, and we will not vote those proxies. Pershing, as a broker-dealer and fully disclosed clearing firm for W&SBS, has been instructed to forward copies of all proxies and shareholder communications directly to you.

W&SBS will neither advise nor act on your behalf in voting proxies or legal proceedings involving companies whose securities are held in your account(s) including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

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

Before investing in the W&S Wealth Solutions program, each client provides information to W&SBS regarding his or her investment time horizon, risk tolerance, need, preference, net worth, and investment goals. W&SBS and your financial advisor take this information into account in recommending a Risk Profile, an Investment Objective, and associated Wealth Solutions Model. You and your financial advisor should at least annually review your risk tolerance, time horizon, need, preference, financial situation, and investment needs. If you decide to invest in a different Wealth Solutions Model, you will be required to complete a new Investment Policy Statement. Your account may then be rebalanced in accordance with the new Wealth Solutions Model. In order to facilitate the opening of your W&S Wealth Solutions custodial account at Pershing, W&SBS will act solely as a conduit and will provide your information directly to Pershing. You have an obligation to inform your financial advisor of any change in your financial and personal circumstances that may have a material impact on the management of your account. Similar to the account opening process, any updated information you provide is also shared with Pershing.

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

There are no restrictions on a client's ability to contact and consult with the client's financial advisor in connection with the W&S Wealth Solutions program. Clients are restricted in their ability to contact and consult with the Sub-Adviser, as portfolio manager. Generally, clients will only have access to the Sub-Adviser after consulting with the client's financial advisor and certain individuals within W&SBS management.

## **Item 9 - Additional Information**

### **Disciplinary Information**

W&SBS has no legal or disciplinary events to report that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

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

#### ***Other Financial Industry Activities***

Your financial advisor, in addition to providing investment advice to you through the W&S Wealth Solutions program, is separately licensed as a broker-dealer registered representative of W&SBS and an insurance agent with Western & Southern Agency, Inc. In these capacities, the financial advisor may recommend other services or products offered by W&SBS, which are offered separate and apart from the W&S Wealth Solutions.

W&SBS, its affiliates and its financial advisors perform services for you and other clients outside of the W&S Wealth Solutions, including the retail distribution of securities (e.g., mutual funds, annuities) and life insurance products. W&SBS and its affiliates may receive compensation associated with these transactions, including fees and commissions. W&SBS has a financial interest in our clients' transactions and the recommendations we make to clients to buy or sell securities or investment products. W&SBS will receive higher compensation on some products than on others. Products with higher compensation generally require additional training, expertise, and time to offer those products. Securities and life insurance product sales result in up-front commissions.

Representatives that are authorized to offer both brokerage services and investment advisory services (dually registered representatives) may be incentivized to recommend one or the other depending on the representative's financial circumstances. The rate of compensation for advisory services is lower, but the deposits are generally higher and compensation is on-going. Representatives who are authorized to offer only brokerage services have an incentive to recommend the sale of Products within a brokerage account rather than refer an individual to a dually registered representative.

A potential conflict of interest exists where W&SBS has an existing business relationship with the mutual fund families whose funds are available through the W&S Wealth Solutions program. W&SBS, as a broker-dealer, receives revenue sharing payments and 12b-1 fees outside the W&S Wealth Solutions program from certain mutual fund families. W&SBS' receipt of revenue sharing creates a potential conflict of interest in the form of additional financial incentives. We believe that this potential conflict of interest is addressed through W&SBS' internal policies designed to prevent W&SBS, in its capacity as investment adviser to the W&S Wealth Solutions, from considering existing business relationships when participating in the selection of Program Funds. W&SBS and its financial advisors may also receive compensation for services and recommendations that may differ from advice given to you while participating in the W&S Wealth Solutions program.

In its capacity as a broker-dealer, W&SBS provides recommendations to its clients to buy, sell, or hold mutual funds, including Proprietary Funds that participate in the W&S Wealth Solutions. In order to preserve the independence of this process and to address any conflicts of interest, we have adopted a policy under which the Sub-Adviser does not consider our opinion in our capacity as broker-dealer with respect to the securities of asset management companies or financial

institutions in selecting the mutual funds that are designated as Program Funds. Similarly, Touchstone Advisors, Inc., the affiliated investment adviser of the Proprietary Funds, does not consider W&SBS' opinion on the selection of asset management companies or financial institutions when recommending sub-advisers to the board of trustees of the Proprietary Funds.

## ***Financial Industry Affiliates***

The following summarizes W&SBS' material relationships or arrangements with affiliates that participate in the financial industry.

Fort Washington Investment Advisors, Inc. ("FWIA," and previously defined as the "Sub-Adviser"), a subsidiary of Western & Southern Financial Group, Inc. ("WSFG"), the holding company of a family of diversified financial services companies, is registered as an investment adviser with the SEC and serves as the sub-adviser of the W&S Wealth Solutions. FWIA also serves as the investment sub-adviser of mutual funds advised by Touchstone Advisors, Inc. that are not Program Funds. For investors with certain levels of investable assets, W&SBS representatives also act as a solicitor on behalf of FWIA. Certain current or former associates of W&SBS may serve as officers or directors/trustees of FWIA and/or the affiliated mutual funds.

Touchstone Advisors, Inc. ("TAI"), a subsidiary of WSFG, is registered as an investment adviser with the SEC and serves as the investment adviser of the affiliated Touchstone Mutual Funds, some of which are Program Funds. Certain current or former associates of W&SBS may serve as officers or directors/trustees of TAI and/or the affiliated mutual funds.

Touchstone Mutual Funds are registered as investment companies with the SEC. TAI serves as the investment adviser to the Touchstone Mutual Funds, which are entirely sub-advised by other investment advisers, some of which are affiliated with W&SBS, including FWIA. (As noted above, the Program List does not include mutual funds that are sub-advised by FWIA.) As noted above, certain current or former associates of W&SBS may serve as officers or directors/trustees of the affiliated investment advisers and/or the affiliated mutual funds.

Touchstone Securities, Inc. ("TSI"), a subsidiary of WSFG, is registered as a broker-dealer with the SEC and is a member of FINRA. TSI serves as the underwriter and distributor of the Touchstone Mutual Funds and variable annuities sold by W&SBS in its capacity as a broker-dealer.

WSFG owns, directly or indirectly, 100% of the following insurance companies that provide insurance related products in the United States: The Western and Southern Life Insurance Company, an Ohio company; The Lafayette Life Insurance Company, an Ohio company; Integrity Life Insurance Company, an Ohio company; Columbus Life Insurance Company, an Ohio company; National Integrity Life Insurance Company, a New York company; Western-Southern Life Assurance Company, an Ohio company; Gerber Life Insurance Company, a New York company, and Gerber Life Agency, LLC, an Ohio limited liability company.

WSFG also owns, directly or indirectly, 100% of the following insurance agencies that perform insurance related activities in the United States: Western & Southern Agency, Inc., an Ohio company, LLIA, Inc., an Ohio company, and W&S Financial Group Distributors, Inc., an Ohio company.

## ***Non-Cash Compensation***

W&SBS sponsors a variety of programs that provide non-cash benefits to qualifying representatives based on sales of both proprietary and non-proprietary Products. These non-cash benefits include medical and other employee benefits and recognition and awards. Our recognition and awards are summarized below. Generally, these incentives encourage increased sales of products at specific times of the year and promotion of products with higher first year commissions. All incentives are based on overall production and are not based on the sale of a specific product. Overall sales includes the sales of securities, including W&S Wealth Solutions, and non-securities through W&SBS, or through our affiliates.

- Leaders Sales Meeting – Incentive trip that includes travel, accommodations, and entertainment at a resort for the representative and his or her guest. Representatives qualify for this incentive based upon overall production during a 13 month qualifying period with December counting twice. This means representatives have increased incentive to make sales in the month of December.
- President's Trophy – Award presented to the “best” W&SBS office. Offices qualify for this incentive based upon a number of factors, including overall annual sales and client retention.
- Agency Leadership Conference – Dinner with W&SBS senior management provided to the management of the top two offices in each division (14 total offices) during the Agency Leadership Conference, an annual business meeting for W&SBS management. This incentive is based on a number of factors, including sales, over an eight week period in September and October. None of the factors include sales of a specific Products or specific types of securities.
- Majors – W&SBS managers receive recognition, an article of high end clothing and reimbursement for additional marketing activities. Incentive is based on sales during two sales campaigns, President's Month and Legion.
  - President's Month – Recognizes “top” W&SBS managers and offices based on sales during the month of February (but not based on sales of specific Products or specific types of securities).
  - Legion - Recognizes “top” W&SBS managers based on sales during a six week period around the month of September (but not based on sales of a specific Products or specific types of security).
- Local Sales Contests – Throughout the year, individual W&SBS branch office or division management may offer production based incentives to representatives. All local sales contests are pre-approved to ensure that they are not based on the sale of specific Products or specific types of securities.

### ***Sales Thresholds***

Representatives are required to meet certain sales thresholds to maintain their employment with W&SBS. When representatives sell products with higher first-year commissions, they are able to reach these thresholds more quickly. In addition, to meet these thresholds, representatives may focus on selling products at specific times of the year and in specific amounts.

Representatives that are authorized to offer both brokerage services and investment advisory services (dually registered representatives) may be incentivized to recommend one or the other depending on the representative's financial circumstances. The rate of compensation for advisory services is lower, but the deposits are generally higher and compensation is on-going. Representatives who are authorized to offer only brokerage services have an incentive to recommend the sale of Products within a brokerage account rather than refer an individual to a dually registered representative.



## ***New Accounts***

Neither W&SBS nor its representative, agents, or financial advisors will receive any compensation unless a customer chooses to open a new account, or purchase, transfer, rollover or exchange a product through W&SBS. For W&S Wealth Solutions, the advisor is incentivized to recommend that more assets go into the wrap account. For brokerage accounts, W&SBS receives more compensation when we sell multiple products, open multiple accounts, and/or add more assets into existing accounts. As a result, representatives are incentivized to recommend that you open accounts and purchase products.

## ***Override Commissions and Sales Incentives– Our Managers***

Our managers receive commissions when the representatives they manage sell a brokerage or insurance product. These commissions are commonly referred to as “override commissions.” Our managers do not receive commission on W&S Wealth Solutions accounts. Some of Our managers receive semi-annual incentives based on total contracts sold and total sales amounts by the representatives they manage. Additionally, each manager’s salary is re-set annually based upon the office’s total production. All products are included in these incentives, but they may cause managers to focus on the promotion of product sales at specific times and in specific amounts, as well as those products with higher first year commissions.

## ***Override Commissions and Sales Incentives– Wholesalers***

Both W&SBS wholesalers and wholesalers for the proprietary products we sell receive commissions when W&SBS representatives sell a brokerage product. These commissions are commonly referred to as “override commissions.” Wholesalers do not receive commission on W&S Wealth Solutions accounts. This incentive may cause wholesalers to focus on the promotion of products that result in higher commissions. Additionally W&SBS wholesalers receive incentives when representatives submit new applications within four months of becoming registered. All products are included in this incentive, but they may cause W&SBS wholesalers to focus on the promotion of product sales at specific times.

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

W&SBS has established a Code of Ethics designed to ensure that our associates:

- Act with integrity and in an ethical manner with you and all of our clients;
- Place your and all of our clients' interests first;
- Conduct personal trading in compliance with our Code of Ethics, avoid potential conflicts of interest and do not abuse the faith and trust you have placed in them;
- Comply with all applicable rules, regulations and laws; and
- Do not misuse any material nonpublic information they may receive as a result of their employment with W&SBS.

Some W&SBS associates are deemed "access persons" under our Code of Ethics because they do or may have access to nonpublic information regarding either the securities in a client's accounts or changes to the Program Funds, including asset allocations. Under our Code of Ethics, access persons must receive prior approval before acquiring a beneficial ownership interest in any security in an initial public offering, limited offering, or hedge fund transaction. Additionally, access persons are required to submit to the chief compliance officer, or his or her delegate, a list of any securities they own and securities transactions they made for any personal account they control at W&SBS or another financial institution. You may request a copy of the W&SBS Code of Ethics from your financial advisor.

As a broker-dealer, there may be times when W&SBS will buy, sell or recommend that our brokerage clients, who are not participating in the W&S Wealth Solutions, buy securities that are also available in the W&S Wealth Solutions. These brokerage activities are done in the regular course of our business as a broker-dealer and are separate from our investment advisory services.

## **Brokerage Practices**

Subject to W&SBS' duty to seek best execution for its advisory clients, W&S Wealth Solutions trades are executed through Pershing, a third-party fully disclosed clearing firm for W&SBS. You cannot request that your orders be executed through another broker-dealer. Not all investment advisers require their clients to execute their trades through a certain broker-dealer, as we do. W&SBS will periodically evaluate the execution quality provided by Pershing to confirm that the quality is comparable to what could be obtained through other qualified broker-dealers.

Transactions in shares of a mutual fund are aggregated and executed after the close of a trading day. Transactions in shares of an exchange traded fund are aggregated and executed intraday. Trade aggregation does not have any effect on the price you pay for Program Fund shares purchased for your account.

From time to time, the volume and/or number of trades that must be executed for the W&S Wealth Solutions accounts may exceed W&SBS' operational and technological capacities, if these trades are made on a single day. This may occur if W&SBS is removing a mutual fund from the Program List, if a large number of accounts need to be rebalanced or by request of the Program Fund. In addition, if the volume or size of redemptions required to be effected as a result of the removal of a mutual fund from the Program List or the rebalancing of a large number of accounts exceeds the limits set forth in the mutual fund's trading policies and procedures, the mutual fund may take up to seven days to process redemptions or may redeem positions in kind. In such circumstances,

client assets may not be fully invested and may be subject to market risk between the redemption date and the reinvestment of the assets.

Trading in the W&S Wealth Solutions program is subject to the trading policies and restrictions determined by W&SBS. W&SBS exercises time and price discretion for all trades.

In certain circumstances, trade errors may occur in your account. It is W&SBS' policy to use an error account to correct trades. The correction process may result in trades between your account and a W&SBS error account. If trade errors are caused by our actions, it is W&SBS' policy to correct the error and/or, if applicable, make your account whole. If the process of resolving trade errors results in a net gain in the error account, as accrued and calculated on a periodic basis, we will donate the amount of such gain to charities chosen by W&SBS.

### **Custody**

Assets in your account are held at Pershing. As custodian, Pershing is responsible for:

- Safekeeping your funds and securities;
- Collecting dividends, interest and proceeds from any sales; and
- Disbursing funds from your account based on your instructions.

Pershing will provide all accounts with written trade confirmations of securities transactions and account statements for each month there is activity in the account. You should carefully review statements and other communications received from Pershing.

### **Review of Accounts**

At the time your W&S Wealth Solutions account is opened, W&SBS' supervisory principals will review the Risk Profile, Investment Objective and Wealth Solutions Model selected for your account to confirm it is appropriate for your net worth, risk tolerance, time horizon, need, and preference. The funding of your W&S Wealth Solutions account will also be reviewed. If you have sold investments purchased at W&SBS in order to fund the account, the holding period of those investments will be reviewed for appropriateness. Supervisory personnel may also call you directly to discuss your understanding of the W&S Wealth Solutions, including the fees and expenses you are or will be paying.

While you are invested in the W&S Wealth Solutions, the asset allocation established for your Account Wealth Solutions Model is regularly monitored and rebalanced according to W&SBS' guidelines. (For more information, please refer to the previous applicable sections.)

You will receive a performance report after the end of each calendar quarter, beginning after your account has been invested for a full quarter. The performance report will show your account's:

- Actual asset allocation compared to the target allocation;
- Asset class diversification and performance, as applicable;
- Performance compared to various financial benchmarks;
- Portfolio value, gains and losses, and additions and withdrawals; and
- Holdings at the Program Fund level.

At a minimum, you and your financial advisor should annually review your risk tolerance, time horizon, and investment needs. Your financial advisor will ask you whether there have been any changes to your financial situation or investment objectives. Changes in circumstances may prompt your financial advisor to ask you to fill out a new risk profile questionnaire, which may result in a recommendation to invest in a different account Risk Profile, and you will need to sign a new investment policy statement. Your account may then be rebalanced to match your new Risk Profile. Such transactions will be effected without regard for tax consequences.

Our supervision and monitoring does not substitute for your own continued review and monitoring of your account(s) and the performance of your investments. You should review performance reports, trade confirmations (as applicable), account statements and other information we send or make available to you. Current and timely information about your account will be available in the W&SBS / Pershing online client access system. If you have any questions, please discuss them with your financial advisor.

### **Client Referrals and Other Compensation**

W&SBS does not enter into arrangements with unaffiliated third parties to refer clients to, or solicit clients for, any advisory program offered by W&SBS. All registered representatives are authorized to refer qualified prospects to Fort Washington Investment Advisors, Inc., an affiliated registered investment adviser, in exchange for a referral fee. Representatives may be incentivized to recommend a brokerage Product or make the referral depending on the representative's financial circumstances. The rate of compensation for advisory services is lower, but the deposits are generally higher and compensation is on-going. W&SBS representatives are not permitted to make referrals to non-affiliated investment advisers.

Certain unaffiliated mutual fund companies on the Program List (or their investment advisers) may pay certain expenses on behalf of financial advisors, including training and educational expenses, and in some instances may make payments directly to W&SBS to subsidize training and educational costs for W&SBS financial advisors. These mutual fund companies also may participate in conferences or other marketing activities with W&SBS and may be asked to share in the cost of those activities. W&SBS and its affiliates have not entered into any agreement with any mutual fund (or its investment adviser, distributors or affiliates) providing for payment of such expenses as a condition for inclusion on the Program List or being selected as a sub-adviser for mutual funds affiliated with W&SBS.

### **Financial Information**

W&SBS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **Termination of Your Account**

You or W&SBS may terminate your participation in the W&S Wealth Solutions program at any time without an advisory termination fee; however, certain fees due to Pershing will still be applicable. While oral instructions to terminate your participation in the W&S Wealth Solutions program are generally acceptable, W&SBS in its sole discretion may require written notice in order to terminate the W&S Wealth Solutions advisory services for your account.

Upon notice of termination of your W&S Wealth Solutions account, W&SBS will not be obligated to recommend any action with regard to the assets in your account, but you may instruct Pershing to sell the securities or request that W&SBS transfer the securities to another W&SBS account or to a third-party account. Some mutual funds and/or fund share classes may not be held outside of your W&S Wealth Solutions account. In these cases, W&SBS is authorized to redeem those shares for you or to convert the mutual fund share class into a different share class. Trades that result from a liquidation of a Program Fund in a taxable account may result in a taxable event.

If you request that the assets in your account be liquidated, proceeds from the sale of your securities will be available upon settlement of the trades generated to complete the liquidation. Settlement is typically two business days following the trade. Account liquidation may cause a taxable event as well as additional fees and expenses.

If you have a tax-qualified retirement account and, upon notice of termination, fail to instruct W&SBS as to the disposition of assets in your account within a time period determined by W&SBS, W&SBS may liquidate and distribute the assets in your account. Such distribution may cause a taxable event and be subject to tax withholdings and penalties.

If you have a taxable account and, upon notice of termination, fail to instruct W&SBS as to the disposition of assets in your account, your account will revert to a brokerage account and any transactions will be subject to commissions and sales charges.