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# **PASSAGEWAY MANAGED ACCOUNT WRAP FEE PROGRAM BROCHURE**

## **(Form ADV Part 2A, Appendix 1)**

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**This wrap fee program brochure provides information about the qualifications and business practices of Fifth Third Securities, Inc. If you have any questions about the contents of this brochure, please contact us at 888-889-1025. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**This wrap fee program brochure provides information about Fifth Third Securities, Inc. and the Passageway Managed Account Program. You should review the information and consider all factors, including but not limited to, investment risks, fees, and conflicts of interest prior to becoming a client of the Passageway Managed Account Program.**

Fifth Third Securities is the trade name used by Fifth Third Securities, Inc., a member FINRA/SIPC and a registered investment advisor with the U.S. Securities & Exchange Commission. Registration does not imply a certain level of skill or training. Securities and investment advisory services offered through Fifth Third Securities:

Are Not FDIC Insured	Offer No Bank Guarantee	May Lose Value
Are Not Insured By Any Federal Government Agency		Are Not A Deposit

## Item 2 – Material Changes

This section describes the material changes to the Fifth Third Securities, Inc. (“FTS” or “we”) Form ADV Part 2A, Appendix 1 (“Brochure”) since the October 6, 2023 version.

- This Brochure has been updated to reflect that Fidelity Institutional Wealth Adviser, LLC (“FIWA”) now oversees the technology platform for Passageway Accounts. FIWA took over these functions from Envestnet Asset Management Inc. on or around November 17, 2023.
- FTS has closed the SIGMA MMA Program on November 17, 2023. The SIGMA MMA Program has been removed from Item 4.B. - Passageway Investment Management Programs.
- Item 4.B. - *Passageway Investment Management Programs*. Brochure updated to provide information on instances where FIWA does not conduct due diligence on mutual funds and exchange traded funds/notes in the Advisor Directed Program and the Separate Account Managers in the SMA Program.

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## Item 4 – Services, Fees, and Compensation

### A. About Fifth Third Securities

Fifth Third Securities, Inc. (“FTS” or “we”) is a registered broker-dealer member of Financial Industry Regulatory Authority (“FINRA”) and [SIPC](http://www.SIPC.org) ([www.SIPC.org](http://www.SIPC.org)), and a registered investment adviser with the U.S. Securities and Exchange Commission (registration does not imply a certain level of skill or training). FTS is a direct wholly-owned subsidiary of Fifth Third Bank, National Association (“FTB”). FTB is a full-service bank (see *Item 9.B. Other Financial Industry Activities and Affiliations* for more information). Brokerage and investment advisory services and fees differ, and it is important for clients to understand the differences between these two types of services.

**IMPORTANT – Read before you open a Passageway Account** – The FTS’ Customer Relationship Summary (Form CRS) provides important information about both of brokerage and investment advisory services, and clients should review Form CRS prior to making any decision to engage FTS for either brokerage or investment advisory services. The current version of FTS’ Form CRS can be requested from your Investment Advisor Representative (“IAR”) or found by going to the website [53.com/ftsdisclosure](http://53.com/ftsdisclosure).

### B. Passageway Investment Management Programs

FTS is the sponsor of the Passageway Managed Account Program (“Passageway”), a program that provides various investment management services to clients. Passageway is accessed through the Fidelity Managed Account Xchange (“FMAX”) platform, of which Fidelity Institutional Wealth Adviser LLC (“FIWA”) is the platform sponsor.

Additional services included in Passageway: brokerage and custodial services for Passageway accounts, performance reporting, and assistance with investment style selection and asset allocation strategies. Passageway is not intended for investors who want to frequently switch investments from one style or strategy to another in reaction to short-term trends.

FTS makes various portfolio managers available in Passageway (each a “Portfolio Manager” and collectively, “Portfolio Managers”). An IAR of FTS will meet with a prospective client to interview and complete an investor profile. During this interview the IAR gathers information regarding the client’s risk tolerance, investment objectives, and other financial information. With this data, the IAR assists the client in determining whether Passageway is appropriate for them and recommends one or more Passageway programs to the client. A client choosing to open a Passageway account will sign an Investment Management Agreement and a Statement of Investment Selection (Passageway accounts opened prior to February 2007 would have signed an Investment Policy Statement in lieu of the Statement of Investment Selection) with FTS, as well as an agreement to open an account with National Financial Services LLC (“NFS”). An advisory relationship exists between the client and FTS once the Investment Management Agreement and Statement of Investment Selection have been reviewed and accepted by FTS’ Principal Review Desk.

NFS is FTS’ clearing brokerage and custodial services provider, to custody client assets invested by the client in Passageway. NFS is a registered broker/dealer and is not an affiliated entity of FTS. Most or all security transactions for Passageway accounts are executed through NFS as the clearing broker/dealer. However, Portfolio Managers sometimes trade with other broker/dealers to achieve best execution, obtain a wider variety of securities, or take advantage of favorable mark-ups or mark-downs available elsewhere. FTS can at any time change the clearing broker and custodian for the client’s account. The discretion delegated to Portfolio Managers includes the discretion to select broker-dealers for the execution of transactions to achieve best execution. FTS and Portfolio Managers have no authority or duty to manage any of the client’s assets that are not within Passageway. Participating in any of the Passageway programs entails risk. For more information about some of these risks please see *Item 6.B. 2) Methods of Analysis, Investment Strategies and Risk of Loss* and the Portfolio Managers’ Form ADV Part 2A, if applicable.

For Passageway Programs investing in stocks or ETFs, Passageway clients will be unable to automatically

reinvest dividends into the stock or ETF originating the dividend.

**Fiduciary Duties.** Under federal law, a registered investment adviser, such as FTS, is a fiduciary to its investment advisory clients (a/k/a Passageway clients). FTS' fiduciary duty includes, but is not limited to, a duty of care and a duty of loyalty. The duty of loyalty requires FTS, and our IARs, not to place our own interest ahead of our Passageway clients' interests. FTS is to make appropriate disclosures to our Passageway clients, which is done through a number of documents, such as this Brochure. These disclosures help provide material information relating to the advisory relationship and FTS. The duty of care requires, among other things, the duty for FTS to provide advice that is in the best interest of our Passageway clients, a duty to monitor the client's managed investments in Passageway accounts, and the ongoing suitability of those investments, over the course of the advisory relationship. As part of FTS' duty of care, it is our responsibility to understand the client's objectives for the investments which we manage under Passageway, the client's risk tolerance (e.g., how much risk and losses you are willing to take for the potential of gains in their Passageway account), and other financial profile information (e.g., annual income, estimated net worth, liquid assets, federal tax bracket, etc.). This information is needed in order to have a reasonable belief that the advice we provide is in the best interest of the Passageway client.

**Critically Important Client Responsibility:** You need to **promptly** notify the FTS' IAR that you work with of changes to your risk tolerance, investment objectives, or financial circumstances that differ from the financial profile information that you previously provided to FTS, so that your Passageway account can be reevaluated for potential changes.

Additionally, when FTS provides investment advice to clients of Passageway regarding their retirement plan account or individual retirement account, FTS is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way FTS makes money creates conflicts with your interests, so FTS operates under a rule that requires us to act in the client's best interest and not put our interest ahead of our clients.

**Reasonable Restrictions.** Clients have the opportunity to place reasonable restrictions on the types of investments that will be managed on the client's behalf within Passageway accounts. The client must provide these restriction requests to FTS in writing. If FTS, Fidelity Institutional Wealth Adviser, LLC ("FIWA"), or a Portfolio Manager deem the restriction request unreasonable, FTS will notify the client of the rejection of the restriction request in writing. Clients can request two types of restrictions on their Passageway account: 1) individual security restrictions, and 2) industry restrictions.

Individual security restrictions will only apply to that specific security that is identified by a symbol or CUSIP, and the restriction will **not** apply to other securities that hold that individual security, such as mutual funds and exchange traded funds. For example, if a client has an accepted restriction request for Microsoft stock (symbol 'MSFT'), the client's Passageway account will not purchase Microsoft stock. However, a mutual fund held in the client's Passageway account can be invested in Microsoft, and therefore, the client has an indirect investment still in Microsoft.

Industry restrictions apply to general sectors of industry. Some examples of industry restrictions include, but are not limited to, Resorts & Casinos, Tobacco, Wineries & Distilleries, and Auto Manufacturers. Clients do not have the ability to determine what securities are included or excluded within an industry restriction nor can clients determine the criteria that is used to include or exclude a security within an industry restriction. If a client requests an industry restriction in a Passageway account, the client is accepting the FTS, FIWA, or the Portfolio Manager's determination of what securities are included and excluded from the industry restriction.

**Dollar Cost Averaging** - FTS' IARs can use dollar-cost averaging when making purchases of securities in Passageway accounts with the exception of accounts in the Advisor Directed Program. Dollar-cost averaging is the investment strategy of regularly or periodically making purchases of a security or

securities over a time period instead of making the purchases at a single point in time. Dollar-cost averaging attempts to help address the volatility risk that sometimes occurs in the markets or with a single security. An example of dollar-cost averaging is when investing \$15,000 into one security and instead of purchasing it all at once, the IAR or Portfolio Manager makes a purchase of \$5,000 of the same security once a month for three months.

FTS limits the timeframe in which dollar-cost averaging can be used to a maximum of approximately 90 calendar days. Actual calendar days may exceed 90 calendar days if the 90<sup>th</sup> day falls on a weekend or a day which the securities markets are closed. **Dollar-cost averaging does not prevent losses, and the use of dollar-cost averaging can result in paying more for a security or securities than if the security or securities were purchased all at one time.**

**Terminating Passageway Services.** Either FTS or the client can terminate participation in Passageway at any time by providing thirty (30) days written notice to the other party. The client will be charged a pro-rated investment advisory fee for the portion of any billing period during which the account is open (see *Item 4.C. Investment Advisory Fee Information* for further details) unless the client terminates the Investment Management Agreement within (5) business days from the client signing the Investment Management Agreement. If a client terminates the Investment Management Agreement within five (5) business days from the client signing the Investment Management Agreement, then the client is not charged an investment advisory fee. FTS reserves the right to distribute the assets of a client's account *in-kind* (a delivery or transfer of securities held in the Passageway account instead of in cash) upon termination of the account by either party. FTS will generally evaluate a Passageway account for termination if there has been no IAR initiated transactional activity (e.g., buys or reallocations) for a period greater than 18 months (withdrawals from the Passageway account are excluded). If after the completion of the review FTS determines that it is appropriate to terminate the Passageway account, FTS will terminate the Investment Management Agreement by providing thirty (30) days prior written notice to the client. Upon notification that an account owner has died, the Investment Management Agreement is immediately terminated and is no longer a Passageway account. Any subsequent trades placed based upon instructions from the executor, heirs, or beneficiaries are subject to standard fees and commissions of a brokerage account. See the Standard Commission and Fee Schedule at [53.com/ftsdisclosure](https://53.com/ftsdisclosure) for more information.

**Fidelity Institutional Wealth Adviser, LLC ("FIWA").** FIWA oversees the technology platform on which Passageway functions for Passageway Accounts. Beginning November 17, 2023, FTS will access tools and related services as well as research and additional information about investment products offered through the FMAX platform, which assists FTS' IARs in building personalized solutions for FTS' clients. For more information about the FMAX platform and the research and risk ratings of investment products on FMAX, as well as other investment tools and related services, please see the current FIWA brochure describing FMAX. Additionally, FIWA provides due diligence for the majority of Portfolio Managers in the SMA Program, and the majority of the mutual funds and exchange traded funds/notes available through the Advisor Directed Program. See the "Passageway FTS Only Due Diligence List" at [53.com/ftsdisclosure](https://53.com/ftsdisclosure) for more information on which SMA Managers, mutual funds, and exchange traded funds/notes that FIWA does not provide due diligence services.

**Passageway Programs.** Passageway consists of the below referenced separate programs. Clients can, in consultation with an IAR and signing the corresponding Investment Management Agreement, elect to participate in one or more of the following programs.

#### **1) Separately Managed Account Program ("SMA Program")**

In the SMA Program the client grants to FTS and FIWA discretionary authority to manage the assets in client's SMA Program account(s) and to delegate such authority to selected Portfolio Manager(s). Such discretionary authority allows FTS' delegate, the Portfolio Manager(s), to make investment decisions with respect to the account(s) when the Portfolio Manager(s) deems appropriate and without prior consultation with client to invest, reinvest, sell, exchange, and otherwise trade in any stocks, bonds, and other

securities, subject to any reasonable investment restrictions made by the client. Client can select one Portfolio Manager or multiple Portfolio Managers, provided the client has sufficient assets for multiple Portfolio Managers. FTS' IARs will assist clients in selecting Portfolio Managers on an account-by-account basis. Portfolio Managers that are available within the SMA Program can provide investment management services for various investment styles and objectives. For a complete list of Portfolio Managers available within the SMA Program please contact an IAR of FTS. In the SMA Program, the client chooses the Portfolio Manager(s). FTS will not fire a Portfolio Manager on behalf of a client without the client's approval with the exception when a Portfolio Manager has been removed from the SMA Program. FTS and FIWA retain the right to terminate a Portfolio Manager's participation in Passageway. When a Portfolio Manager is removed from the SMA Program, clients utilizing this Portfolio Manager are notified by their IAR of this event. The IAR will work with clients to identify another Portfolio Manager or Passageway program that corresponds with their investment objectives and risk tolerance.

The FTS IAR will distribute the Portfolio Manager's Form ADV Part 2A for each Portfolio Manager that the FTS IAR recommends. Clients should refer to the applicable Portfolio Manager's Form ADV Part 2A for additional information and details about the Portfolio Manager.

The minimum account size per Portfolio Manager account in the SMA Program is \$100,000 or more, based on the specific Portfolio Manager chosen by the client. FTS, at its discretion, can choose to terminate a client's participation in an SMA Program account if the account falls below the account opening minimum.

## **2) Investment Management Group Portfolios Program ("IMG Program")**

In the IMG Program, (formerly known as the *Nationally Recognized Mutual Fund Portfolio Program* and the *Managed Mutual Fund Program*), client grants FTB authority to manage the IMG Program account(s) assets (see *Item 9.B. Other Financial Industry Activities and Affiliations* for more information about this conflict of interest). Such discretionary authority allows FTB to make investment decisions with respect to the account(s) when FTB deems appropriate and without prior consultation with client, to buy, sell, exchange, convert and otherwise trade in open-end mutual funds and exchange-traded funds ("ETFs"), subject to any reasonable investment restrictions made by the client. FTB recommends an asset allocation model for IMG Program accounts based upon the risk tolerance, investment objectives, and financial information provided by the client. FTB has the following seven different asset allocation models:

<b>MODEL</b>	<b>DESCRIPTION</b>
<i>Aggressive Growth</i>	The Aggressive Growth model seeks long-term capital appreciation. The model has a diversification strategy that has a very heavy emphasis on stocks and a small allocation to fixed income.
<i>Growth</i>	The Growth model seeks long-term capital appreciation. The model has a diversification strategy that has a heavy emphasis on stocks and a small allocation to fixed income.
<i>Moderate Growth</i>	The Moderate Growth model seeks long term capital appreciation and growth of income. The model will have a diversification strategy that has an emphasis on stocks.
<i>Moderate</i>	The Moderate model seeks high total return consistent with the preservation of capital. The model has a diversification strategy that normally emphasizes stocks slightly more than bonds.
<i>Conservative Growth</i>	The Conservative Growth model seeks income and capital appreciation. The model has a diversification strategy that has an emphasis on bonds, which have historically had less volatility than stocks.

<i>Conservative</i>	The Conservative model seeks income and capital appreciation. The model has a diversification strategy that has a heavy emphasis on bonds, which have historically had less volatility than stocks.
<i>Capital Preservation</i>	The Capital Preservation model seeks income and capital appreciation. The model has a diversification strategy that has a very heavy emphasis on bonds, which have historically had less volatility than stocks.

The IMG Program asset allocation models, except for the Aggressive model, have the availability to have a tax-efficient focus (FTS does not provide tax or legal advice).

The IMG Program can provide investment management services for various investment styles and objectives. For a complete list of mutual funds and ETFs available within the IMG Program please contact an IAR of FTS.

The minimum account size for participation in the IMG Program is \$50,000. FTS or FTB, at its discretion, can choose to terminate a client's participation in an IMG Program account if the IMG Program account falls below \$50,000.

**Important Conflicts of Interest regarding IMG Program** – FTS has several conflicts of interest when recommending the IMG Program to clients, including financial conflicts of interest. Refer to Item 4.C.1) *NFS, and Portfolio Manager Fees* and Item 9.B.2)a. - *Additional Conflicts of Interest-Fifth Third Bank, National Association (FTB)* in this Brochure for more information about these conflicts of interest. Clients should not open an IMG Program account until they have reviewed these conflicts of interest disclosures and posed any questions to FTS or their FTS' IAR.

### **3) Symmetry Managed Mutual Fund Portfolio Program (“Symmetry Program”)**

In the Symmetry Program, client grants Symmetry Partners, LLC (“Symmetry”) the discretionary authority to manage the assets in client's Symmetry Program account. Such discretionary authority allows Symmetry to make investment decisions with respect to the account(s) when Symmetry deems appropriate and without prior consultation with client, to invest, reinvest, sell, exchange, and otherwise trade in any mutual fund or exchange-traded fund subject to any reasonable investment restrictions made by the client. The Symmetry Program can provide investment management services for various investment styles and objectives. Clients should refer to the applicable Symmetry's Form ADV Part 2A for additional information and details about Symmetry.

In some Symmetry models, investment management services provided by Symmetry within the Symmetry Program primarily utilize mutual funds created and managed by Dimensional Fund Advisors (“DFA”). As a result, Symmetry's investment management services will be generally limited to DFA mutual funds, which can adversely affect the performance of the Passageway account.

The minimum account size for establishing an account in the Symmetry Program is \$50,000. FTS or Symmetry, at its discretion, can choose to terminate a client's participation in a Symmetry Program account if the account falls below \$50,000.

### **4) Goldman Sachs Multi-Manager Mutual Fund Portfolio Program (“Goldman Sachs Mutual Fund Program”) – formerly known as the Standard and Poor's Managed Mutual Fund Portfolio Program**

In the Goldman Sachs Mutual Fund Program, client grants FIWA the discretionary authority to manage assets. Such discretionary authority allows FIWA to make investment decisions with respect to the account(s) when FIWA deems appropriate and without prior consultation with client, to invest, reinvest, sell, exchange, convert and otherwise trade in any mutual fund subject to any reasonable investment restrictions made by the client. FIWA has retained Goldman Sachs Asset Management, L.P. (“Goldman



Sachs”) to assist with the recommendation of models made up of mutual funds and the asset allocation of those mutual funds. The Goldman Sachs Mutual Funds Program can provide investment management services for various investment styles and objectives. Clients should refer to Goldman Sachs’ Form ADV Part 2A, and FIWA’s ADV Part 2A for additional information and details about FIWA and Goldman Sachs.

The minimum account size for establishing an account in the Goldman Sachs Mutual Fund Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client’s participation in a Goldman Sachs Mutual Fund account if the account falls below \$50,000.

Clients should note that Goldman Sachs is also an asset manager available under the Passageway SMA Program and provides recommendations to FIWA in the Goldman Sachs ETF Program (listed below). Clients can determine if they are in the SMA Program, the Goldman Sachs ETF Program, or the Goldman Sachs Mutual Fund by speaking with their IAR or by reviewing the *Statement of Investment Selection* that was signed at the opening of the Passageway account. For the Goldman Sachs Mutual Fund Program, the Statement of Investment Selection will have a reference to “Mutual Fund” under the *Investment Type* field (e.g., Goldman Sachs Multi-Manager 50/50 Mutual Fund Model Portfolio Fund Strategist Portfolio). The Goldman Sachs ETF Program, the Statement of Investment Selection will have a reference to “ETF” under the Investment Type field (e.g., Goldman Sachs Multi-Manager 50/50 ETF Model Portfolio Fund Strategist Portfolio). Whereas, the Passageway SMA Program will generally have the reference of “Separate Account” in the name of the *Investment Type* (e.g., Goldman Sachs S&P 4 Managed Account Separate Account).

**5) Goldman Sachs Multi-Manager Exchange Trade Funds Portfolio Program (“Goldman Sachs ETF Program”) – formerly known as the Standard and Poor’s Exchange Trade Funds Portfolio Program**

In the Goldman Sachs ETF Program, client grants FIWA the discretionary authority to manage assets. Such discretionary authority allows FIWA to make investment decisions with respect to the account(s) when FIWA deems appropriate and without prior consultation with client, to invest, reinvest, sell, exchange, and otherwise trade in any exchange-traded fund subject to any reasonable investment restrictions made by the client. FIWA has retained Goldman Sachs Asset Management, L.P. to assist with the recommendation of models consisting of exchange-traded funds and the asset allocation of those exchange-traded funds. The Goldman Sachs ETF Program can provide investment management services for various investment styles and objectives. Clients should refer to Goldman Sachs’ Form ADV Part 2A, and FIWA’s ADV Part 2A for additional information and details about FIWA and Goldman Sachs.

The minimum account size for establishing an account in the Goldman Sachs ETF Program is \$50,000. FTS or FIWA, at their discretion, can choose to terminate a client’s participation in a Goldman Sachs ETF account if the account falls below \$50,000.

Clients should note that Goldman Sachs is also an asset manager available under the Passageway SMA Program and provides recommendations to FIWA in the Goldman Sachs Mutual Fund Program (listed above). Clients can determine if they are in the SMA Program, the Goldman Sachs ETF Program, or the Goldman Sachs Mutual Fund by speaking with their IAR or by reviewing the *Statement of Investment Selection* that was signed at the opening of the Passageway account. For the Goldman Sachs Mutual Fund Program, the Statement of Investment Selection will have a reference to “Mutual Fund” under the *Investment Type* field (e.g., Goldman Sachs Multi-Manager 50/50 Mutual Fund Model Portfolio Fund Strategist Portfolio). The Goldman Sachs ETF Program, the Statement of Investment Selection will have a reference to “ETF” under the Investment Type field (e.g., Goldman Sachs Multi-Manager 50/50 ETF Model Portfolio Fund Strategist Portfolio). Whereas, the Passageway SMA Program will generally have the reference of “Separate Account” in the name of the *Investment Type* (e.g., Goldman Sachs S&P 4 Managed Account Separate Account).

**6) Fund Evaluation Group Managed Program (“FEG Program”)**

In the FEG Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained

Fund Evaluation Group, LLC (“FEG”) to assist with the recommendation of models made up of mutual funds and/or exchange-traded funds and the asset allocation of those assets. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client’s assets in the Passageway account at FIWA’s discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client’s account to different mutual funds and/or exchange-traded funds. The FEG Program can provide investment management services for various investment styles and objectives. Clients should refer to FEG’s Form ADV Part 2A, and FIWA’s Form ADV Part 2A for additional information and details about FIWA and FEG.

The minimum account size for establishing an account in the FEG Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client’s participation in an FEG account if the account falls below \$50,000.

## 7) Advisor Directed Program

In the Advisor Directed Program, FTS’ IARs provide investment management services to clients utilizing mutual funds and/or exchange traded funds. However, at this time, FTS has allowed only certain IARs the ability to utilize ETFs in the Advisor Directed Program. Clients can find out if their IAR has the availability to utilize ETFs either by contacting their IAR or speaking with their IAR’s Principal Supervisor. Contact information for the IAR’s Principal Supervisor can be found on the IAR’s Passageway Supplemental Brochure, which would have been previously provided to Passageway clients. Investment management services provided under the Advisor Directed Program is limited to open-end mutual funds and exchange traded funds. The Advisor Directed Program can provide investment management services for various investment styles and objectives. Initial and ongoing due diligence for the mutual funds and exchange traded funds available within the Advisor Directed Program will be conducted by FIWA or FTS. Due diligence performed by FIWA and FTS differ from each other. Clients grant FTS limited discretionary authority to manage Advisor Directed Program account assets. Such limited discretionary authority allows FTS to make all investment decisions with respect to the client’s account(s) when FTS deems appropriate and without prior consultation with the client, to buy, sell, exchange, convert and otherwise trade in any mutual fund or exchange traded fund approved by FTS or FIWA. In addition, this limited discretionary authority allows FTS to invest a client’s accounts/assets in a lower risk tolerance up to two levels than the client has selected. Please see below for a list of risk tolerances in the Advisor Directed Program, which are listed in order of the riskiest to the least risky. For example, if a client has selected the risk tolerance as Aggressive Growth, then when FTS deems it appropriate, FTS could move the client’s account/assets to reflect a Moderate Growth risk tolerance. However, in this example FTS would not be able to move the client’s account/assets to reflect a Moderate or lower risk tolerance. Furthermore, this limited discretionary authority does not allow FTS to invest a client in a higher risk tolerance that the client has selected.

Risk Tolerances	
<i>Aggressive Growth</i>	<i>Conservative Growth</i>
<i>Growth</i>	<i>Conservative</i>
<i>Moderate Growth</i>	<i>Capital Preservation</i>
<i>Moderate</i>	

The minimum account size for establishing an account in the Advisor Directed Program is \$50,000. FTS, at its discretion, can choose to terminate a client’s participation in an Advisor Directed Program account if the account falls below \$50,000.

## 8) Wilshire Program

In the Wilshire Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained Wilshire Associates, Inc. (“Wilshire”) to assist with the recommendation of models made up of mutual funds and the asset allocation of those assets. This discretionary authority allows FIWA to invest,

reinvest, sell, exchange, and otherwise manage the client's assets in the Passageway account at FIWA's discretion (FIWA, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client's account to different mutual funds. The Wilshire Program can provide investment management services for various investment styles and objectives. Clients investing in the Wilshire Diversified Alternatives Portfolio should be aware that Wilshire uses mutual funds that use investment strategies that differ from the buy-and-hold strategy typical in the mutual fund industry, and these mutual funds typically hold more non-traditional investments and employ more complex trading strategies. Please refer to Item 6.B.2) *Methods of Analysis, Investment Strategies and Risk of Loss* for more information regarding the potential risks of portfolios using alternative mutual funds. Clients investing in the Wilshire Diversified Alternatives Portfolio should also review the prospectuses of the mutual funds making up this portfolio strategy. Clients should refer to Wilshire's Form ADV Part 2A, and FIWA's ADV Part 2A for additional information and details about FIWA and Wilshire.

The minimum account size for establishing an account in the Wilshire Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client's participation in a Wilshire account if the account falls below \$50,000.

#### **9) Russell Investment Management Program ("Russell Program")**

In the Russell Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained Russell Investment Management, LLC ("Russell") to assist with the recommendation of investments and models. It is expected that the investment recommendations will solely be made up of funds available by Russell's affiliated entity Russell Investment Company in which Russell serves as the investment adviser and the funds are affiliated products of Russell. See Item 9.C. – *Additional Conflicts of Interest* in this Brochure for additional information regarding this conflict of interest. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client's assets in the Passageway account at FIWA's discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client's account to different mutual funds and/or mutual funds. The Russell Program can provide investment management services for various investment styles and objectives. Clients should refer to Russell's Form ADV Part 2A, FIWA's Form ADV Part 2A for additional information and details about FIWA, and Russell.

The minimum account size for establishing an account in the Russell Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client's participation in a Russell account if the account falls below \$50,000.

#### **10) Vanguard Investment Management Program ("Vanguard Program")**

In the Vanguard Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained The Vanguard Group Inc. ("Vanguard") to assist with the recommendation of investments and models. It is expected that the investment recommendations will solely be made up of mutual funds and exchange traded funds made available by Vanguard or affiliated entity(ies) of Vanguard in which Vanguard serves as the investment adviser and the mutual funds and exchange traded funds are affiliated products of Vanguard. See Item 9.C. – *Additional Conflicts of Interest* of this Brochure for additional information regarding this conflict of interest. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client's assets in the Passageway account at FIWA's discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client's account to different mutual funds and/or mutual funds. The Vanguard Program can provide investment management services for various investment styles and objectives. Clients should refer to Vanguard's Form ADV Part 2A, FIWA's Form ADV Part 2A for additional information and details about FIWA and Vanguard.

The minimum account size for establishing an account in the Vanguard Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client's participation in a Vanguard account if the account falls below \$50,000.

### **11) Brinker Capital Management Program (“Brinker Capital Program”)**

In the Brinker Capital Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained Orion Portfolio Solutions, LLC dba Brinker Capital Investments (“Brinker Capital”) to assist with the recommendation of investments and models. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client’s assets in the Passageway account at FIWA’s discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client’s account to different mutual funds and/or exchange-traded funds. The Brinker Program can provide investment management services for various investment styles and objectives. Clients should refer to Brinker Capital’s Form ADV Part 2A, and FIWA Form ADV Part 2A for additional information and details about Brinker Capital, and FIWA.

The minimum account size for establishing an account in the Brinker Capital Program is \$50,000. FTS or FIWA at its discretion, can choose to terminate a client’s participation in a Brinker Capital account if the account falls below \$50,000.

### **12) Passageway Focus Program**

In the Passageway Focus Program, client grants FIWA the discretionary authority to manage assets. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client’s assets in the Passageway account at FIWA’s discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client’s account to different mutual funds and/or exchange-traded funds. The Passageway Focus Program can provide investment management services for various investment styles and objectives. Clients should refer to FIWA’s Form ADV Part 2A for additional information and details about FIWA.

The minimum account size for establishing an account in the Passageway Focus Program is \$10,000. FTS or FIWA, at its discretion, can choose to terminate a client’s participation in a Passageway Focus Program account if the account falls below \$10,000.

### **13) AllianceBernstein Dynamic Multi-Asset Program (“AllianceBernstein Program”)**

In the AllianceBernstein Program, client grants FIWA the discretionary authority to manage assets. FIWA has retained AllianceBernstein, L.P. (“AllianceBernstein”) to assist with the recommendation of investments and models. This discretionary authority allows FIWA to invest, reinvest, sell, exchange, and otherwise manage the client’s assets in the Passageway account at FIWA’s discretion, including but not limited to, when FIWA deems appropriate and without prior consultation with client, to select, allocate, reallocate, and sell the assets in the client’s account to different mutual funds and/or exchange-traded funds. The AllianceBernstein Program can provide investment management services for various investment styles and objectives. Clients should refer to AllianceBernstein’s Form ADV Part 2A, FIWA’s Form ADV Part 2A, and FIWA’s Form ADV Part 2A for additional information and details about AllianceBernstein, and FIWA.

The minimum account size for establishing an account in the AllianceBernstein Program is \$50,000. FTS or FIWA, at its discretion, can choose to terminate a client’s participation in an AllianceBernstein account if the account falls below \$50,000.

Clients should note that AllianceBernstein is also an asset manager available under the Passageway SMA Program. Clients can determine if they are in the SMA Program or the AllianceBernstein Program by speaking with their IAR or by reviewing the *Statement of Investment Selection* that was signed at the opening of the Passageway account. For the AllianceBernstein Program, the Statement of Investment Selection will have a reference to “Multi-Asset” under the *Investment Type* field (e.g., AB Dynamic Multi-Asset Income 40/60 Strategy). Whereas, the Passageway SMA Program will generally have the reference of “Separate Account” in the name of the *Investment Type* (e.g., AB US Large Cap Growth Managed Account Separate Account).

### C. Investment Advisory Fee Information

Investment advisory fees are calculated at the beginning of each calendar quarter based upon the daily weighted average market value of the assets under management for the previous quarter. Investment advisory fees are automatically deducted from the client's Passageway account, and are charged quarterly in arrears, generally based on the below fee schedules. Investment advisory fees are negotiable between FTS and the Passageway client. Clients should refer to their Investment Policy Statement or their Statement of Investment Selection to see the negotiated advisory fee schedule for their specific Passageway account(s). FTS includes cash and cash equivalents positions in the daily weighted average market value of the assets under management when FTS assesses investment advisory fees. Clients can avoid paying investment advisory fees on cash and cash equivalent positions if these assets are held outside the Passageway account.

For the initial calendar quarter in which a Passageway account is opened, the initial advisory fee will be based upon the number of days the account is open and the daily weighted average market value of the assets under management. Likewise, upon the termination of a Passageway account, an advisory fee will be based upon the beginning date of the calendar quarter through the date of termination of the Passageway account and the daily weighted average market value of the assets under management.

Clients should be aware that the investment management services provided under Passageway can be more or less expensive than if the services were purchased separately or purchased at another financial firm. A client could purchase services similar to those offered in Passageway from other financial services providers. When determining the cost of purchasing services separately, clients should evaluate the costs of brokerage commissions charged, the volume of trading activity in the account, transaction fees, wire fees, trade-away fees, foreign security transfer fees, retirement account termination fees, custody charges, fees charged for investment management services, fees for performance reporting, and the internal costs of the assets purchased (e.g., mutual fund and ETF internal expenses).

The maximum investment advisory fee for the Advisor Directed Program, AllianceBernstein Program, Brinker Capital Program, IMG Program, Symmetry Program, FEG Program, Goldman Sachs Mutual Fund Program, SMA Program, Wilshire Program, Vanguard Program, Russell Program, Passageway Focus Program, and Goldman Sachs ETF Program is 1.50%.

#### 1) FIWA, NFS, and Portfolio Manager Fees

FTS pays fees to FIWA for the platform and services FIWA renders under Passageway. FIWA fees are assessed at the account level but are not directly paid by clients.

FTS pays NFS clearance and execution fees for trades placed in Passageway accounts. These clearance and execution fees are generally based upon the type of security involved in the transaction (e.g., listed equity, over-the-counter equities, municipal bonds, mutual fund, etc.). In addition, NFS makes transactions in certain mutual funds and exchange traded funds/notes available to FTS at no cost if the mutual fund or exchanged trade fund/note is part of NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program. See "Conflicts Related to Clearing Firm (NFS)" under Item 9C. – *Additional Conflicts of Interest* of this Brochure for important information regarding the conflicts of interest related to these NFS fees and NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program.

FTS pays management fees to the Portfolio Managers, excluding IARs, for the advisory services they render under Passageway. These Portfolio Managers' management fees vary and are based upon the market value of the assets of a client's Passageway account.

**Critically Important Conflict of Interest:** The management fees paid by FTS to the Portfolio Manager, and fees paid to FIWA and ENAM directly reduces the amount an IAR will receive in compensation. As a result, IARs have a financial incentive to recommend to a client a Passageway Program that has lower fees as it will result in greater compensation to the IAR.

To aid in providing clients transparency regarding an IAR's financial incentive to recommend one Passageway Program over another, below is the schedule of fees FTS is charged for each Passageway program:

Advisor Directed Program	IMG Program <sup>1</sup>	Passageway Focus <sup>1</sup>	Goldman Sachs ETF Program <sup>1</sup>	Goldman Sachs Mutual Fund Program <sup>1</sup>	SMA Program	Wilshire Program <sup>1</sup>
0.00%	0.02% <sup>+</sup>	0.14% <sup>++</sup>	0.17%	0.17%	Up to 0.50%	0.24%

Symmetry Program <sup>1</sup>			
Bond Portfolios	PrecisionCore ETF Portfolios	Panoramic Portfolios	Structured Portfolios (closed to new accounts)
\$0 - \$250,000 - 0.25%	\$0 - \$500,000 - 0.22%	0.02% <sup>2</sup>	\$0 - \$250,000 - 0.25%
\$250,000 - \$500,000 - 0.22%	\$500,000-\$1,000,000 - 0.17%		\$250,000 - \$500,000 0.25%
\$500,000 - \$1,000,000 - 0.17%	\$1,000,000+ - 0.12%		\$500,000 - \$1,000,000 - 0.17%
\$1,000,000+ - 0.12%			\$1,000,000 - 0.12%

AllianceBernstein Program <sup>3</sup>	Brinker Capital Program <sup>4</sup>	FEG Program <sup>1</sup>	Russell Program <sup>5</sup>	Vanguard Program <sup>6</sup>
0.02%	0.02%	\$0 - \$250,000 - 0.23% \$250,000 - \$500,000 - 0.20% \$500,000 - \$1,000,000 - 0.15% \$1,000,000+ - 0.10%	0.00-0.02%	0.00-0.02%

+ FTB acts as the Portfolio Manager for the IMG Program and is an affiliated entity of FTS. As a result, FTB does not charge or directly receive a Portfolio Manager fee for its asset management services.

The lack of a management fee by FTB creates a conflict of interest for FTS and FTS' IARs when the IMG Program is recommended to a client, as FTS receives more in compensation in the IMG Program than in other Passageway Programs. To help address this conflict of interest by having a separate group of securities registered principals that review the solicited Passageway account recommendations by IARs, and these registered principals do not directly receive compensation from the recommendations made by IARs.

++ FTS is assessed a minimum fee of \$10 per Passageway Focus account per year.

<sup>1</sup> 0.02% of the listed fee reflects the amount FIWA charges FTS. This FIWA fee is included in the investment advisory fee paid by the client, as reflected on the Statement of Investment Selection, and does not reflect an additional charge to the client.

<sup>2</sup> FTS does not pay a management fee to Symmetry Partners, LLC. for the Panoramic Portfolios. The Panoramic Portfolios within the Symmetry Program utilizes Symmetry Panoramic funds where Symmetry receives compensation through the management of those funds. Please refer to the corresponding prospectuses of the Symmetry Panoramic funds, Symmetry Partners, LLC's ADV Part 2A, and *Item 9C. – Additional Conflicts of Interest* in this Brochure for additional detail. However, FIWA charges FTS 0.02% for Symmetry Program accounts that use the Panoramic Portfolios.

<sup>3</sup> FTS does not pay a management fee to AllianceBernstein. The AllianceBernstein Program utilizes

AllianceBernstein mutual funds where AllianceBernstein and/or an affiliated entity or entities) of AllianceBernstein receive compensation through the management of those funds. Please refer to the corresponding prospectuses of the AllianceBernstein funds and *Item 9C. – Additional Conflicts of Interest* in this Brochure for additional detail. However, FIWA charges FTS 0.02% of the for AllianceBernstein Program accounts.

<sup>4</sup> FTS does not pay a management fee to Brinker Capital. The Brinker Capital Program utilizes Brinker Destination funds where Brinker Capital and/or an affiliated entity or entities of Brinker Capital receive compensation through the management of those funds. Please refer to the corresponding prospectuses of the Destination funds and *Item 9C. – Additional Conflicts of Interest* in this Brochure for additional detail. However, FIWA charges FTS 0.02% for Brinker Capital Program accounts.

<sup>5</sup> FTS does not pay a management fee to Russell. The Russell Program utilizes Russell Investment Company funds where Russell and/or an affiliated entity or entities of Russell receive compensation through the management of those funds. Please refer to the corresponding prospectuses of the Russell funds and *Item 9C. – Additional Conflicts of Interest* in this Brochure for additional detail. However, FIWA charges FTS 0.02% for Russell Program accounts. This FIWA fee is included in the investment advisory fee paid by the client, as reflected on the Statement of Investment Selection, and does not reflect an additional charge to the client.

<sup>6</sup> FTS does not pay a management fee to The Vanguard Group, Inc. The Vanguard Program utilizes Vanguard mutual funds and exchange traded funds that receive compensation through the management of those funds. Please refer to the corresponding prospectuses of the Vanguard mutual funds and exchange traded funds and *Item 9C. – Additional Conflicts of Interest* in this Brochure for additional detail. However, FIWA charges FTS 0.02% for Vanguard Program accounts opened beginning June 1, 2017. This FIWA fee is included in the investment advisory fee paid by the client, as reflected on the Statement of Investment Selection, and does not reflect an additional charge to the client.

**2) AllianceBernstein Program, Brinker Capital Program, IMG Program, Goldman Sachs Mutual Fund Program, Goldman Sachs ETF Program, FEG Program, Advisor Directed Program, Wilshire Program, Vanguard Program, Russell Program, Passageway Focus Program, SMA Program, and the Symmetry Program:**

Investment advisory fees for the Alliance Bernstein Program, Brinker Capital Program, IMG Program, Goldman Sachs Mutual Fund Program, Goldman Sachs ETF Program, FEG Program, Advisor Directed Program, Wilshire Program, Vanguard Program, Russell Program, Passageway Focus Program, SMA Program, and the Symmetry Program generally follow the below fee schedule, but investment advisory fees can be lower. Clients should refer to their Investment Policy Statement or their Statement of Investment Selection to see the negotiated advisory fee schedule for their specific Passageway account(s).

<u>Value of Account</u>	<u>Advisory Fee</u>
First \$250,000	1.50%
Next \$250,000	1.35%
Next \$250,000	1.25%
Next \$250,000	1.10%
Next \$1,000,000	1.00%
Balance Above \$2,000,000	0.80%

**D. Client Householding Investment Advisory Fees**

Clients can reduce their investment advisory fees when Passageway accounts are linked together to aggregate total assets under management (hereafter referred to as “Householding”). By Householding Passageway accounts, the client can potentially reach another tier on the investment advisory fee schedule that has a lower interest rate over that dollar amount.

For example, if a client has two Passageway accounts in the Advisor Directed Program using the standard fee schedule (see above) and each of these accounts have a balance of \$150,000, the combined assets of the two Passageway accounts would be \$300,000. Instead of each account receiving an investment advisory fee charge of 1.5%, the Householding feature will result in the first \$250,000 receiving a 1.5% charge and the next \$50,000 will receive an investment advisory fee charge of 1.35%.

If the client has a flat percentage investment advisory fee (e.g., 1.40%) rather than an investment advisory fee schedule, the client will not receive any reduction of investment advisory fees when Passageway accounts are Householdled. Householding Passageway accounts will not always result in a lower investment advisory fee if the aggregated assets of the Householdled accounts do not add up to enough to reach the next tier of the client's investment advisory fee schedule(s). For example, if the client had two Passageway accounts Householdled each holding \$100,000 and the first tier of the investment advisory fee schedule goes from \$0 - \$250,000, then the client would not receive a reduction in investment advisory fees because the Householdled aggregate asset amount is only \$200,000, which is below the minimum amount for the next tier (\$250,001).

In order for the Passageway accounts to qualify for Householding, the Passageway accounts must meet certain conditions. The current conditions for Householding are:

- Each of the Householdled Passageway accounts being linked together must have the same IAR or IARs associated. For example, if a client with a Passageway account that has an IAR (John Doe) and their spouse has a different IAR (Jane Smith) who handles their Passageway account, the Passageway accounts will not be Householdled because the clients have different IARs.
- Each Householdled Passageway account must be open (i.e., the investment advisory relationship has not been terminated) at the end of the calendar quarter. For example, if a client has two Passageway accounts that meet the all the conditions to receive Householding but terminates one of the Passageway accounts during the calendar quarter including up to the last day of the calendar quarter, then the Passageway accounts would not be Householdled.
- Each Householdled Passageway account must have the same mailing address listed with FTS. If a client or clients that have two or more separate mailing addresses, even if the client or clients are related or part of the same family (e.g., spouse, children, trust, etc.), the Passageway accounts are **not** eligible for Householding. A client should never provide FTS with a mailing address that is not their own address. If a client would provide FTS with another individual's address, that individual at the other address would receive the client's statements and other communications from FTS and NFS rather than the client; and
- If the client has additional non-Passageway accounts (e.g., brokerage accounts, annuities, 529 Plans, etc.) these accounts and assets are **not** eligible for Householding.

Provided the above listed criteria are met and continue to be met, Householding will be applied to the applicable Passageway accounts. Passageway accounts that are linked for Householding are not required to be opened the same day to be eligible for Householding. Clients are not required to take any steps to apply for Householding.

**Important Consideration for Householding** – When Passageway accounts are Householdled together, clients will receive only one Quarterly Performance Report that reflects all of the Householdled Passageway accounts. Clients desiring to receive separate Quarterly Performance Reports for Passageway accounts will need to opt-out of Householding, which can result in paying more in investment advisory fees. Clients can opt-out of Householding by providing a written request to:

Fifth Third Securities, Inc.  
Attn: FTS Compliance Department  
38 Fountain Square Plaza  
MD: 1090AM



However, if a client chooses to opt-out of Householding the client or clients will not receive the potential benefit of lower investment advisory fees.

FTS can at any time choose to cease offering Householding or change the conditions of when or how Passageway accounts are Household. If FTS ceases to offer Householding or changes the conditions for Householding, FTS will mail to clients a written notification approximately 30 calendar days in advance of the change(s) taking effect.

#### **E. IAR Compensation**

A client's IAR is generally paid a portion of the investment advisory fees (generally a percentage) charged for a Passageway account. The specific amount the IAR will receive will depend on several factors, including but not limited to, the role the IAR has with FTS (e.g., Investment Executive), how long the IAR has been associated with FTS, and the total amount of revenue attributable to the IAR in a calendar year. Specifically, IARs who meet certain revenue thresholds or tiers (e.g., dollar amounts such as \$300,000) are eligible for a higher payout percentage of the investment advisory fees, commissions, sales loads, trail commissions, and/or fees from the sales and services associated with the IAR. For example, an IAR whose revenue totaled \$200,000 earns less as a percentage than an IAR whose revenue that has totaled \$400,000. These tiers create a conflict of interest as it provides a financial incentive for the IAR to increase the revenue associated with them. To help address this conflict of interest, FTS has created an IAR compensation schedule with multiple tiers in which an IAR can earn a higher payout. By creating multiple tiers with smaller percentage increases, this decreases the financial incentive for an FTS IAR to act inappropriately in order to obtain a higher payout percentage.

IARs in an "Investment Executive" role for five or more years or in a partnership with another Investment Executive who has been in the role for five or more years, FTS pays a portion of the investment advisory fees from Passageway accounts to the Investment Executive as the investment advisory fees are earned.

For all other IARs who can offer Passageway services, FTS will advance the first year's estimated investment advisory fees of a new Passageway account to an IAR based upon the market value of the assets in the first month the assets are invested within the Passageway account. Then in the approximate thirteenth month since the opening of the Passageway account, FTS will pay the IAR in advance that month's anticipated investment advisory fees based upon the market value of the Passageway account.

**Compensation Conflicts** - As a result of the receipt of compensation, when an IAR makes a recommendation to a client and that client opens a Passageway account, the IAR has a conflict of interest because it is anticipated that the IAR will receive a portion of the investment advisory fees associated with that Passageway account.

The investment advisory fees that an IAR at FTS can be greater than what the IAR would receive at another registered investment advisor firm. The Passageway investment advisory fees can be more or less than an IAR would receive if a client conducted their transactions in a brokerage account, rather than a Passageway account, and paid separately for the investment advice. As a result, your IAR has a financial incentive to offer a Passageway account over a brokerage account.

#### **1) Recruitment Compensation**

FTS provides recruitment compensation to many IARs who join FTS. There are generally three types of recruitment compensation methods that FTS can use when an IAR joins our firm.

##### **a) Forgivable Draw Compensation**

The forgivable draw recruitment compensation will generally be broken into two segments. In the first segment, the IAR will generally receive a bi-weekly forgivable draw for the first 6 calendar months. In the second segment, the IAR will generally receive either a forgivable or non-forgivable draw for the subsequent 12 calendar months. The determining factor if the draw is forgivable or non-forgivable in the

second segment is dependent upon either the amount of revenue generated by the IAR for that time period or the amount of the total market value of the assets brought to FTS during that time period. Generally, recruitment compensation is limited for a time period of no greater than 24 calendar months to allow the IAR to transition to FTS. However, depending on the individual circumstances of the IAR, FTS could deviate from these stated timeframes by going longer or shorter for either segment, or having an overall longer or shorter time period for the recruitment compensation.

FTS has established written policies and procedures, controls, and processes that are reasonably designed to provide a supervisory structure that oversees the Passageway Program and FTS' IARs.

#### **b) Upfront Forgivable Loan**

An upfront forgivable loan (or note) is an upfront payment paid by FTS to the IAR when the IAR joins our firm. In the scenario of an upfront forgivable loan, the IAR doesn't have to repay the loaned amount if the IAR stays with FTS for the duration of the loan and the IAR meets certain monthly revenue thresholds.

The specific length of time period of the upfront forgivable loan will vary from IAR to IAR. However, generally speaking, a larger upfront forgivable loan will result in a longer time period the upfront forgivable loan will last.

An example of how the upfront forgivable loan generally works, if an IAR received a three-year upfront forgivable loan and the IAR meets the revenue threshold in March, then 1/36 or approximately 2.78% of the upfront forgivable loan has been forgiven by FTS and the IAR no longer needs to pay back this amount.

An upfront forgivable loan can create a conflict of interest for the IAR by having an incentive to meet certain monthly revenue thresholds. However, under the Passageway Program these IARs have a fiduciary duty to Passageway clients for their Passageway accounts whenever making a recommendation. FTS helps address this conflict by having a separate group of securities registered principals that review the recommendations of Passageway by IARs, and these registered principals do not directly receive compensation from the recommendations made by IARs.

#### **c) Minimum Guaranteed Payout Percentage**

FTS generally pays our IARs a percentage of the commissions, sales loads, trail commissions, and/or fees received from the sales and services associated with the IAR (otherwise known as the "payout percentage").

An IAR that is in the role of an Investment Executive or a Private Bank Investment Executive, when that IAR is initially registered with FTS, we provide the Investment Executive a minimum guaranteed payout percentage. This guarantees that the Investment Executive or Private Bank Investment Executive's payout percentage will be at a certain percentage for a specified time period. The minimum guaranteed payout percentage is used even if the actual compensation associated with the Investment Executive or Private Bank Investment Executive's activities is lower than normally required.

It is anticipated that the minimum guaranteed payout percentage will be higher than the standard payout percentage when an Investment Executive or Private Bank Investment Executive initially starts with FTS. When we provide an Investment Executive or Private Bank Investment Executive a minimum guaranteed payout percentage, we do so to help reduce the conflict of interest that can occur when an Investment Executive or Private Bank Investment Executive initially starts with FTS and is making recommendations to clients.

The length of time that the minimum guaranteed payout percentage is in place can vary from IAR to IAR, but when we offer the minimum guaranteed payout percentage, it will generally last 24 months from the date the IAR starts with FTS or enters a new role with FTS. However, depending on the individual circumstances of the IAR, we could deviate from these stated timeframes by going longer or shorter for either segment, or having an overall longer or shorter time period for the recruitment compensation.

## **2) IAR Forfeiture of Compensation**

Certain activities or failure to perform certain activities will or can result in the forfeiture of an IAR's receipt of their portion of the investment advisory fee. This includes the following:

- FTS requires its IARs to conduct an annual review meeting with Passageway clients. If an annual review is not conducted in a calendar year starting the year after the Passageway account is opened, the IAR will have their portion of investment advisory fees for that Passageway account forfeited until a review has been conducted with the applicable Passageway client. Once the annual review has been conducted, the IAR will begin to receive the portion of the investment advisory fees for that Passageway account again.
- As part of the due diligence of the securities made available in the Advisor Directed Program, securities will be removed from the available list when the security does not meet certain criteria. Once a security is removed from the available list, the IAR will have until the end of the calendar quarter to have the security or securities removed from the Advisor Directed Program Account. If an IAR does not sell, exchange, or work with the client to transfer the removed security or securities from an Advisor Directed Program account within the prescribed time period, then the IAR's portion of the investment advisory fees will be forfeited until such time the security is no longer held in the Advisor Directed Program account. Once the removed security is no longer in the Advisor Directed Program account, the IAR will begin to receive the portion of the investment advisory fees for that Passageway account again.
- When a Passageway Account's value is below \$25,000, the IAR does not receive any compensation associated with your Passageway Account. Additionally, when a Passageway Account's value is between \$25,000 and \$49,999.99, your IAR does not receive any compensation from the Passageway Account unless the client has total household assets of \$50,000 or more with FTS.

In addition to the aforementioned reasons, FTS may, as a part of disciplinary action, cause the forfeiture or withholding of an IAR's portion of investment advisory fees associated with a specific Passageway account or accounts when an IAR acts materially different from FTS' expectations or policies and procedures.

### **F. Mutual Fund and ETF Fees**

FTS charges no sales commissions or loads for investments in mutual funds or ETFs. However, a client may already own certain securities that have contingent deferred sales charge (e.g., class B and C share mutual funds). Liquidation of these investments to fund a Passageway account will reduce the value the client will have to invest in Passageway. Clients should carefully review the securities they will utilize to fund a Passageway account prior to choosing to establish a Passageway account.

In addition, each mutual fund and ETF has their own internal expenses, which are described in each mutual fund and ETF's prospectus. These fees and expenses generally include a management fee and other expenses and can also include Rule 12b-1 fees for mutual funds. The fees and expenses of a mutual fund and ETF indirectly reduce the performance of the account and are imbedded in the net return of the mutual fund or ETF. Therefore, the client should review both the total direct and indirect fees and expenses of the mutual funds and ETFs. Some mutual funds have different share classes available, and these share classes will have different expenses, including the internal expenses. FTS and Portfolio Managers will utilize the cheapest share class of mutual fund that is available to FTS or the Portfolio Manager at the time of the purchase. However, some mutual funds have different share classes that are not available to FTS or the Portfolio Manager, and these share classes of mutual funds can be cheaper than those purchased in the client's Passageway account.

Mutual funds that pay Rule 12b-1 fees to FTS and that are held in a Passageway account have the 12b-1 fees reimbursed directly to the client's Passageway account the following month the 12b-1 is credited to FTS. For clarity, if part or all of 12b-1 fee is retained by NFS, the mutual fund company, or any other party other than FTS, these 12b-1 fees are not credited back to client's Passageway account since FTS did not

receive these fees.

Passageway accounts can be invested in alternative mutual funds which can have higher operating expense relative to traditional mutual fund, and some alternative mutual funds are considerably more expensive.

#### **G. Additional Costs Charged by Custodian**

The custodian for Passageway accounts, NFS, assesses additional costs and fees. These costs are not included in the investment advisory fees described above. These costs include but are not limited to the following: wire fees, foreign security transfer fees, and retirement account close-out fees. Refer to the *Standard Commission and Fee Schedule* at the end of this Brochure or visit [53.com/ftsdisclosure](https://53.com/ftsdisclosure).

#### **H. Miscellaneous Fees**

Although commissions and transaction fees are not charged to the client's account for securities transactions by FTS, there can be securities transactions affected through or with another broker-dealer other than NFS. These securities transactions can include commissions, mark-ups, mark-downs, or dealer spreads paid to market makers or other principals from whom securities were obtained. This type of trade is often referred to as "step out trades" or "trading away". The effects of these trades are indirectly borne by the client and are not covered by the investment advisory fees discussed above.

The Portfolio Manager for your Passageway account (which may include FIWA) can determine that placing your trades with NFS is in your best interest. However, the Portfolio Manager has the ability to place a client's trades with a broker-dealer other than NFS if the Portfolio Manager believes that doing so is consistent with its obligation to obtain best execution. FTS does not decide when securities transactions are placed with NFS or away from NFS. In addition, FTS does not impose a restriction on a Portfolio Manager's ability to trade away, as the Portfolio Manager has a fiduciary duty to the clients.

In some instances, step out trades are executed without any additional commission, mark-up, or mark-down, but in many instances, the broker-dealer executing the step out trade will sometimes impose a commission or a mark-up or mark-down on the securities transaction. Additionally, some Portfolio Managers executing trades in US Treasuries will incur a system cost from the portal through which the trades are processed. These additional costs are often not reflected on trade confirmations Passageway clients receive or on their account statements. Often, the executing broker will embed the costs into the price of the trade execution, making it difficult for you to determine the exact added cost for the securities transaction executed away from NFS.

Clients should review the Form ADV Part 2A Brochure of the Portfolio Manager of the Passageway program selected for more information. Clients can request the Program Manager's brochure from their Investment Advisor Representative. Please refer to **Exhibit A** at the end of this Brochure for more information regarding Portfolio Managers that have engaged in step out trades, which can have resulted in additional costs. Only those Portfolio Managers or Programs that had step out trades in 2022 are listed on Exhibit A.

#### **I. Trade Errors**

If FTS, FIWA, or a Portfolio Manager makes an error when submitting a trade order on a client's behalf, it is the policy of FTS that the trade error be corrected as soon as possible and in such a manner the client is not disadvantaged and bears no loss. Upon the identification of a trade error, FTS will work with NFS and/or FIWA to take the appropriate steps necessary to rectify the error. If correcting a trade error results in a loss or a gain within the client's account, FTS, FIWA, and/or the Portfolio Manager will retain any gain or absorb any loss.

#### **J. Best Execution**

As a registered investment advisor, FTS and the Portfolio Managers used in Passageway have a fiduciary duty to seek to obtain the best trade execution in Passageway accounts. Best execution does not mean

the best price will be obtained. A number of factors are utilized in analyzing overall best trade execution quality, including but not limited to, execution capability, timeliness of effecting trades, ability to execute orders of significant size, service, costs, system capabilities, system security, financial stability of firm executing the trade, and other relevant considerations. These factors combined are collectively referred to as “best execution”.

To aid in our best execution obligations, FTS periodically and systematically conducts a sample review of equity securities transactions executed through NFS to help ensure FTS continues to meet its best execution obligations to our clients. Portfolio Managers that direct transactions for Passageway Accounts are responsible for satisfying best execution obligations, and the Portfolio Manager can choose to place a trade at a firm other than NFS if that Portfolio Manager believes they need to so in order to meet their best execution obligation (often referred to as “trading away”). See Exhibit A for details on Portfolio Managers that have traded away in 2022.

#### **K. Trade Allocations and Block Trading**

FIWA and Portfolio Managers often pool securities trades for the same security for multiple client accounts to create large blocks trades. This is done to help achieve best price execution for the total pool of accounts and to help avoid conflicts of interest of favoring one client over another. Once the trades have been executed the securities or proceeds are allocated back to the pool of client accounts. Portfolio Managers have their own allocation policies and will direct how trade executions are allocated. FTS and FIWA have no control over a Portfolio Manager’s allocation policies. For more information on block trading please see the FIWA’s ADV Part 2A Brochure. A current copy can be requested from your Investment Advisor Representative or can be obtained directly from the SEC’s website (<https://www.sec.gov/>) and selecting “Fidelity Managed Account Xchange” under Brochure Name.

#### **L. Non-Managed Assets and Worthless Securities**

FTS does not permit securities to be held in a Passageway account that are not part of the asset management of the Passageway account. For example, a client wants to hold several hundred shares of the company he/she works at. FTS will not allow those shares to be held in a Passageway account since the shares are not part of the asset management services.

However, if a security is deemed to be worthless (has no market value), then that security can be placed in the Passageway account with the client’s understanding that the worthless security or securities are not being managed by FTS, FIWA, or a Portfolio Manager.

#### **M. Holding a Client’s Order or Instruction**

FTS, at its own discretion and without consultation with the Passageway client, may not immediately act upon a Passageway client’s order to place a transaction (buy, sell or exchange) or act upon a client’s instruction if FTS believes that the client is the subject of financial abuse or is engaged in a criminal activity (directly or indirectly). Client instructions that FTS or FTS’ IARs may not act upon immediately include, but are not limited to, money movement instructions including wire and check movements, termination of advisory services, change in beneficiary or beneficiaries, and trading authorization of third-party.

In the instances where FTS does not immediately act upon a Passageway client’s order to place a transaction or act upon a client’s instruction, FTS will attempt to promptly conduct a review in order to determine the appropriate course of action, which can include, but not limited to, contacting the client, contacting State and/or federal authorities, or contacting the Passageway client’s Trusted Contact.

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

#### **A. Minimum Account Requirement**

Each Passageway account requires a certain minimum dollar value of either cash or marketable securities that are acceptable to FTS before FTS will approve an account. The Passageway account minimums are as follows:

- Advisor Directed Program - \$50,000
- AllianceBernstein Program - \$50,000
- Brinker Capital Program - \$50,000
- FEG Program - \$50,000
- Goldman Sachs ETF Program - \$50,000
- Goldman Sachs Mutual Fund Program - \$50,000
- IMG Program - \$50,000
- Passageway Focus Program - \$10,000
- Russell Program - \$50,000
- SMA Program - \$100,000+ minimum is based on the specific Portfolio Manager(s) selected
- Symmetry Program - \$50,000
- Vanguard Program - \$50,000
- Wilshire Program - \$50,000

In addition, FTS, FIWA, or the Portfolio Manager, at their discretion, may terminate a Passageway account if the Passageway account falls below the account-opening minimum.

#### **B. Changes to a Client's Financial Situation**

Passageway clients are required to promptly notify FTS in writing of any material changes to their information previously provided to FTS. Some examples include:

- Investment objective
- Risk tolerance
- Net worth
- Annual income
- Investment time horizon
- Address

Failure by the client to provide FTS with current, accurate information could adversely affect FTS and Program Manager's ability to effectively manage client's assets within Passageway.

#### **C. Types of Clients**

Passageway is available to individuals, high net worth individuals, trusts, estates, foundations, charitable institutions, corporations, private pension plans, and other business entities or organizations with sufficient liquid assets to participate in Passageway. Passageway is not intended for government entities (federal, state, or municipal) or for public pension plans.

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

FTS utilizes FIWA conducts initial and due diligence on SMA Program, with the exception of the Portfolio Managers reviewed by FTS. FIWA's review of Portfolio Managers is based on, among other things, Portfolio Manager's responses to compliance questionnaire, Form ADV review, proxy voting procedures, and performance relative to the Portfolio Manager's peer group and benchmark. FIWA's review will result in the recommendation of new Portfolio Managers and the removal of previously approved Portfolio Managers. FIWA reviews both qualitative and quantitative data prior to adding or removing of a Portfolio Manager from Passageway. For more information regarding FIWA's Portfolio Manager Selection and Evaluation please refer to FIWA's ADV Part 2A. FIWA's review of Portfolio Managers is independent from FTS.

Upon occasion, FTS conducts ongoing due diligence on some of the Portfolio Managers available in the SMA Program in which FIWA do not perform ongoing due diligence. For these Portfolio Managers, FTS reviews various quantitative data, such as performance against benchmark, alpha (measurement of risk), and performance over various time periods.

In addition, FTS has selected additional Portfolio Managers and programs (e.g., FIWA, AllianceBernstein, Brinker Capital, Goldman Sachs, Symmetry, FEG, FTB, Russell, and Vanguard) to participate in Passageway. Selection and ongoing retention of Portfolio Managers and programs is based upon various factors,

including but not limited to:

- Investment strategy
- Management fee
- Historical performance
- Portfolio Manager's ADV Part 1 and 2
- Marketing materials
- Additional quantitative and qualitative information

FTS is a wholly-owned subsidiary of FTB, and the selection of FTB as the Portfolio Manager in the Passageway IMG Program creates a conflict of interest. For more information about this potential conflict of interest see *Item 9.B. Other Financial Industry Activities and Affiliations*.

FTS' ongoing review of Portfolio Managers' performance does not include a calculation or determination as to the accuracy of any performance information that may be provided or made available by the Portfolio Manager. A Portfolio Manager may utilize a third-party to review and verify their performance calculation. Please refer to Portfolio Manager's ADV Part 2A for more information. Performance information prepared by Portfolio Managers that is separate from the quarterly performance reports prepared by FIWA is not calculated on a uniform and consistent basis.

When a Portfolio Manager is removed by FIWA or FTS, clients utilizing this Portfolio Manager are notified by their IAR of this event. The IAR will work with clients to identify another Portfolio Manager or Passageway program that corresponds with their investment objectives and risk tolerance.

#### **A. Related Entities as Portfolio Manager**

##### **1) Fifth Third Bank, National Association (FTB)**

FTB is the Portfolio Manager for the IMG Program. See *Item 9.B. Other Financial Industry Activities and Affiliations* for more information about the conflicts of interest this creates and *Item 4.C.1) Investment Management Group Portfolios Program* for a description of this program. FTS' IARs receive no additional compensation beyond the investment advisory fees for recommending the IMG Program to a client.

FTB is subject to the same selection and review criteria as the other Portfolio Managers who participate in Passageway where FTS conducts the ongoing due diligence.

#### **B. FTS' IARs as Portfolio Managers in Advisor Directed Program**

In the Advisor Directed Program, FTS' IARs act as the Portfolio Manager. See below for additional information related to the investment management services provided by FTS in the Advisor Directed Program.

##### **1) Advisory Business**

Please see *Item 4.B. Passageway Investment Management Programs* for descriptions of the Advisor Directed Program and details on the ability to place reasonable restrictions on a Passageway account.

##### **2) Methods of Analysis, Investment Strategies and Risk of Loss**

Portfolio Managers utilize various sources of information, which may include, financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, materials provided by FIWA, filings with the U.S. Securities and Exchange Commission, and other publicly available tools and information sources.

An IAR of FTS will meet with a prospective client to interview and complete an investor profile. During this interview the IAR gathers information regarding the client's risk tolerance, investment objectives, and financial information. With this data, the IAR assists the client in determining whether Passageway is appropriate for them and recommend one or more Passageway programs to the client. If a Passageway program is recommended, an asset allocation model is recommended in conjunction with the Passageway program. Each Passageway account is invested in securities that correspond to the risk tolerance selected,

with the exception that in the Advisor Directed Program FTS may invest a client in a lower risk tolerance than the client has selected. The client's Statement of Investment Selection or Investment Policy Statement reflects the selected asset allocation model.

As noted above, the applicable Portfolio Manager is responsible for the selection and monitoring of investments in the Passageway account after the client has signed the Statement of Investment Selection and funded the Passageway account. Except for the Advisor Directed program, for additional information about the Portfolio Manager's investment methodology, the investments selected for the client's Passageway account, and the risks associated with those investments, please see the corresponding Portfolio Manager's ADV Part 2A brochure and the investment's prospectus, if applicable. A copy of Portfolio Manager's ADV Part 2A brochure is provided to the client at or prior to the establishment of the Passageway account. Clients can request another copy of their Portfolio Manager's ADV Part 2A brochure at any time by contacting their Investment Adviser Representative or contacting FTS at the phone number listed on the cover page of this Brochure.

Diversification and asset allocation can help reduce the risk of a portfolio, but they do not remove all risk or chance of loss of the principal amount invested. Periodically the Passageway account is rebalanced to help ensure consistency with the client's ongoing investment objectives and selected asset allocation.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable. This includes the investments and investment strategies recommended or undertaken by FTS or other Portfolio Managers of Passageway. Investments are not obligations of, and are not guaranteed by, FTS, FTB or any of its other affiliates, and are not Federal Deposit Insurance Corporation ("FDIC") or government insured. Investments are subject to risks, including possible loss of the principal amount invested. Losses can occur with any investment or strategy, including conservative investments. The more risk the client is willing to bear, the greater the potential for loss of the principal amount invested by the client. Additional information about the risks concerning a particular mutual fund or ETF can be found in the respective mutual fund or ETF's prospectus. Clients of Passageway should be prepared to bear the risk of loss associated with having a Passageway account.

Portfolio goals and objectives are not guaranteed and may not be achieved. Past performance does not guarantee future results. Passageway accounts and the securities in the client's Passageway account can be subject to the following risks:

Risk of Asset Value Loss: All Passageway programs and various models provided by Portfolio Managers, including the conservative models, involve the risk of loss including the loss of the original investment amount. Clients should have a willingness to incur such losses in connection with investments in the Passageway, especially if the client invests for a shorter period of time. By investing in Passageway, clients may lose money by investing in stocks, bonds, mutual funds, ETFs, or other securities or by the investment strategies used by the applicable Portfolio Manager. Many factors affect each investment's or Passageway account's performance. Nearly all investments and Passageway accounts are subject to volatility in non-U.S. markets, through either direct investment exposure or indirect effects in U.S. markets from events occurring abroad, including adverse political, social, economic, or market occurrences. Additionally, investments or Passageway accounts that pursue debt exposure are subject to risks, including but not limited to, prepayment risk, default risk, and interest rate risk. In addition, funds that pursue strategies that concentrate in specific sectors or industries or are otherwise subject to particular segments of the market (e.g., healthcare, technology, real estate, financial, or international) may be significantly impacted by events affecting those sectors, industries, or markets. Mutual funds or ETFs that invest in other funds bear all the risks inherent in the underlying investments in which those funds invest. Strategies that pursue leveraged risk, including investment in derivatives — such as options, swaps (interest rate, total return, and credit default) and futures contracts — and forward-settling securities, magnify market exposure and losses. Mutual funds, ETFs, and Passageway accounts may also be subject to operational risks, which can include risk of loss or losses arising from failures in internal processes or systems, or people, such as



routine processing errors or major systems failures, or from external events, such as exchange outages.

**Bond Investments/Interest Rate Risk:** The bond market is volatile, and bonds and other fixed income securities carry interest rate risk. Interest rate risk is generally expected to occur when the interest rate changes, but interest rate risk can also occur when market expectations of interest rate changes (or lack thereof) does not occur. Interest rates and bond prices generally have an inverse relationship; meaning that when interest rates increase the values of bonds decrease (and the opposite can occur when interest rates decrease). Generally, the longer the duration of a bond, the greater the impact on the valuation of the bond. For example, an interest rate increase will generally have a greater impact (expected decrease in value) on a 20-year bond versus 5-year bond by the same issuer with same or similar terms. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Most bond funds do not have a maturity date, so holding the bond funds until maturity to avoid losses caused by price volatility is not feasible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade effectively.

**Credit Risk:** Issuers of debt and other counterparties may be unable to make interest or principal payments when due or otherwise honor their debt obligations. Credit rating changes of the issuer can adversely affect the value of the debt instrument or security. Additionally, changes in the financial condition of an issuer or counterparty(ies) and/or changes in specific economic or political conditions that affect a particular type of security or issuer, may increase the risk of default by an issuer or counterparty, which can affect a security or instrument's credit quality or value. Lower-quality debt securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

**Cybersecurity Risk:** Companies, markets, investment companies, including ETFs and mutual fund companies, and services providers, like FTS, Portfolio Managers, FIWA, and NFS, use significant amount of technologies in their day-to-day functions. As a result, these entities and those individuals who use these services or have investments in companies are subject to a number of cybersecurity risks. Cybersecurity risks include, but are not limited to, compromised company, employee or client data, disruption of services, corruption or loss of data, inability to perform services (e.g., trading, valuation, issuance of reports, communications), and financial losses.

**Derivatives Risk:** A derivative can be defined as a financial instrument or contract which derives its value from one or more underlying financial instrument such as an asset, index, or interest rate. An alternative fund or ETF's use of derivatives may reduce the alternative mutual fund's returns and/or increase volatility. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Derivatives may give rise to a form of leverage and may expose the alternative mutual fund to greater risk and increase its costs.

**Investments in a Passageway Account:** Passageway account will be invested in various securities, which will depend on the individual Passageway program selected by the client. These securities will employ various investment strategies, and each investment strategy has a number of risks associated with it. Therefore, Passageway accounts and the securities held within the Passageway account are subject to these risks and clients can lose a substantial amount of their original investment in Passageway. For more information regarding the risks associated with a mutual fund or ETF, please refer to the corresponding prospectus.

**ETFs:** An ETF is a fund that trades on an exchange, similar to stocks, and often seeks to track an index (e.g., S&P 500), commodity (e.g., oil, natural gas, gold, etc.), or a basket of assets like an index fund. As a result, ETFs often do not have the objective to outperform what they are tracking. However, some ETFs are actively managed and do not seek to track a certain index or basket of assets. ETFs may also have unique risks depending on their structure and underlying investments. ETFs may trade at a premium (above) or discount (below) to their net asset value ("NAV"), and ETFs may also be affected by the market fluctuations of their underlying investments. If FTS or a client decides to terminate the Passageway account during a down market or when ETFs are experiencing large volume of redemptions, the value of the ETFs can significantly below the NAV of the underlying assets held in the ETFs. ETFs may experience

further below market valuations if the ETF has invested in illiquid or investments that have experienced less liquidity causing the ETF to take below desired valuations in order to cover redemptions from shareholders. Additionally, some ETFs have not experienced a down market, and there may be unknown risks associated with ETFs.

ESG Investments/Management: Portfolio Managers that have an Environmental, Social, and Governance (“ESG”), Socially Responsible Investing (“SRI”) or similar investment strategy will generally choose to avoid investments that might otherwise be considered appropriate investment options due to factors that may run contrary to the ESG or SRI investment strategy. As a result, clients selecting a Portfolio Manager or having a Portfolio Manager invest in ESG or SRI related investments can result in lower returns than if the Portfolio Manager had used a non-ESG or SRI investment strategy or investments.

Additionally, clients selecting a Portfolio Manager with an investment strategy or focus on ESG, SRI, or other similar investment strategy should refer to the mutual fund or exchange traded fund’s prospectus or the Portfolio Manager’s Form ADV Part 2A for more details on the ESG or SRI investment strategy. FTS does not guarantee that a client’s specific ESG or SRI goals or interpretation of ESG or SRI investing will be represented by a Portfolio Manager or the underlying investments selected. ESG or SRI investment strategies can be interpreted differently. For example, a Portfolio Manager that has an investment strategy to invest in “clean energy” may consider companies involved in solar and nuclear energy as clean energy options. Whereas a client may not consider solar and nuclear energy sectors as “clean energy.”

Foreign Exposure: Foreign securities, like domestic U.S. securities, are subject to market volatility risk, performance of underlying assets, regulatory risks, economic developments, and other factors that can significantly impact the valuation of a fund or security. In addition, foreign securities are subject to foreign interest rate(s), currency exchange rate, regulatory, geopolitical risks, and other risks, all of which can be greater in emerging markets. These risks are particularly significant for funds that focus on a single country, region, or emerging markets. Foreign markets may be more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates can also be extremely volatile and can lead to significant losses. As an example, a fund’s underlying assets could have a positive performance; however, the fund’s value could decrease due to current currency exchange rate changes.

Legislative and Regulatory Risk: Investments in the Passageway account may be adversely affected by new laws or changes to existing laws or regulations. Changes to laws or regulations can impact the securities markets as a whole, specific industries, and individual issuers of securities.

Money Market Fund: Clients could lose money by investing in a money market fund. Although a money market fund generally seeks to preserve the value of a client’s investment at \$1.00 per share, FTS, Portfolio Manager, and the fund cannot guarantee it will preserve the value of \$1.00. A client’s investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. FTS, Portfolio Manager, NFS and its affiliates, the money market fund’s sponsor, have no legal obligation to provide financial support to money market funds and client should not expect that the sponsor will provide financial support to the fund at any time.

Municipal Bonds: The municipal market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities. Municipal funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If a fund investor is a resident in the state of issuance of the bonds held by the fund, interest dividends may also be exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state, local, or federal alternative minimum tax. Certain funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the funds may sometimes generate income subject to these taxes. For federal tax purposes, a fund’s distributions of gains attributable to a fund’s sale of municipal or other bonds are

generally taxable as either ordinary income or long-term capital gains. Redemptions, including exchanges, may result in a capital gain or loss for federal and/or state income tax purposes. Tax code changes could affect the municipal bond market. Tax laws are subject to change, and the preferential tax treatment of municipal bond interest income may be removed or phased out for investors at certain income levels.

**Stock Markets and Investments:** Stock markets are volatile and can decline significantly in a short amount of time in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. In addition, stock investments may be subject to risk related to market capitalization as well as company-specific risk. Depending on the number of factors, such as, market events, the client's risk tolerance, and the Portfolio Manager's investment strategy or strategies, a Portfolio Manager may not make any changes to the investment strategies, or the investments used in Passageway account even when the stock markets incur significant losses.

FTS or Portfolio Managers can invest in alternative mutual funds or exchange traded funds, which can use investment strategies that differ from the buy-and-hold strategy typical in the fund industry. Compared to a traditional mutual fund, an alternative fund typically holds more non-traditional investments and can employ more complex trading strategies. Some examples assets that can be held in alternative mutual funds include, but are not limited to, managed futures, arbitrage, commodities, leveraged loan, global real estate, master limited partnerships, and option contracts. Clients considering a Passageway Program that utilizes alternative investments should be aware of their unique characteristics and risks. In addition to the risks listed above, some of these risks can include, but are not limited to:

- **Investment Structure:** An alternative mutual fund made up of other mutual funds (often referred to as "fund of funds") may offer greater diversification than a single-strategy or even multi-strategy alternative mutual fund or traditional mutual fund. At the same time, this greater diversification may lead to a flattening of return and potentially less transparency. There may also be an inability to re-allocate or adapt in a way that is beneficial to the overall performance of a particular fund of funds.
- **Leverage Risk:** Using derivatives, such as, commodity futures and options to increase the alternative mutual fund's combined long and short exposure creates leverage, which can magnify the alternative mutual fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the alternative mutual fund's share price.
- **Liquidity Risk:** Liquidity risk exists when particular investments of an alternative mutual fund would be difficult to purchase or sell, possibly preventing the alternative mutual fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the alternative mutual fund to dispose of other investments at unfavorable times or prices in order to satisfy the alternative mutual fund obligations.
- **Strategy Risk:** In addition to the usual market and investment specific risks mutual funds have, alternative mutual funds can carry additional risks from the strategies they use. For example, market-neutral funds tend to have significant portfolio turnover risk that can result in higher costs. Similarly, a distressed bond fund is likely to have significant credit risk.

For a more complete list of risks specific to the underlying assets and the investment strategy used by a Portfolio Manager, please refer to the Portfolio Manager's ADV Part 2A and the mutual fund or ETF's prospectus. A Portfolio Manager's ADV Part 2A and mutual funds prospectus can be requested from FTS at any time through one of FTS' IARs.

### **3) Performance Based Fees**

FTS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **4) Voting Client Securities**

FTS does not accept authority to vote proxies for Passageway client securities. As the program sponsor of Passageway, FTS does not select individual securities (e.g., stocks, bonds) on behalf of clients. Within the Passageway programs that manage individual securities, the Portfolio Managers, excluding FTS' IARs, are designated with discretionary authority to vote proxies on behalf of the client as a part of the account management. For additional details on a specific Portfolio Manager's proxy voting policy please refer to the Portfolio Manager's ADV Part 2A.

#### **C. Class Actions and Other Legal Proceedings**

On occasion, securities held or previously held in a client's account are the subject of a class action lawsuit or other legal proceedings. FTS and FTS' IARs have no obligation to determine if securities held or previously held by the client are subject to a pending or resolved class action lawsuit or subject to other legal proceedings. In addition, FTS and FTS' IARs have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement, verdict, or other legal proceedings. Furthermore, FTS and FTS' IARs has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

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

FTS utilizes FIWA to oversee the technology platform that aids FTS in providing the advisory services under Passageway. Therefore, FIWA has access to all client information that FTS enters into the FIWA system. Additionally, Envestnet Asset Management, Inc. has access to client information for Passageway accounts since Envestnet provides systems that FIWA oversees. This information would include, but is not limited to, client name, address, account holdings, transactional activity, net worth, risk tolerance, investment objective, tax bracket, annual income, and the Passageway program selected by the client.

Portfolio Managers available in the SMA are provided with information available on NFS statements, which includes, but is not limited to, 1) client's name, 2) account number, 3) account holdings, 4) client's address, and 5) transactional activity, but these Portfolio Managers are not provided with a client's social security number, net worth, phone number, or date of birth.

FTB, AllianceBernstein, Brinker Capital, FEG, Symmetry, Goldman Sachs, Russell, Vanguard, and Wilshire are provided with information about the applicable Passageway account to manage or advise on the account, such as, account holdings, transactions, and the selected asset allocation model. However, these Portfolio Managers are not provided with personal identifiable information about the client (e.g., client name, social security number, date of birth, phone number, or address).

In the Advisor Directed Program, FTS, through its IARs, acts as the Portfolio Manager. IARs servicing the client's Advisor Directed Program account have access to all applicable information related to the client.

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

FTS does not place any restrictions on a client's ability to contact Portfolio Managers. Clients do have the availability to discuss the management of their Passageway account with their IAR, including the activities of the Portfolio Managers. In the Advisor Directed Program, the IAR is the Portfolio Manager, and the clients have the ability to directly contact them at any time.

### **Item 9 – Additional Information**

#### **A. Disciplinary Information**

Below are regulatory events associated with FTS for the past 10 years, but these regulatory events are not limited to FTS' registered investment advisor. Many of these regulatory events involve FTS' broker-dealer and not the investment advisory business of FTS. Additional regulatory events involving FTS' broker-dealer that date further back than 10 years and additional details regarding the below listed FINRA disciplinary actions can be found at <https://brokercheck.finra.org/firm/summary/628>.

### **1) FINRA – 10/15/2015**

FINRA found that FTS from May 1, 2009 to April 30, 2014, failed to apply sales charge discounts to certain customers' eligible purchases of Unit Investment Trusts ("UITs") in violation of FINRA Rule 2010. In addition, FINRA found FTS 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 purchases in violation of NASD Conduct Rule 3010 and FINRA Rule 2010. FTS was censured and fined \$300,000 and ordered to pay \$663,534.23, plus interest, in restitution to the affected customers. These activities did not involve FTS' registered investment advisor, nor did it involve FTS' Passageway Program.

### **2) FINRA – 04/14/2016**

After FTS self-reported the matter to FINRA, FINRA determined that FTS disadvantaged certain retirement plan and charitable organizations customers that were eligible to purchase class A shares in certain mutual funds without a front-end sales charge. These customers were instead sold class A shares with a front-end sales charge or class B or C with back-end sales charges and higher ongoing fees and expenses. During this period, FTS failed to establish and maintain a supervisor system and procedures reasonably designed to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. FTS estimates that eligible customers were overcharged by approximately \$298,000 for mutual fund shares since July 1, 2009.

### **3) FINRA – 05/08/2018**

Without admitting or denying the findings, FTS consented to the findings that FTS failed to fully comply with an undertaking from a previous Acceptance Waiver and Consent entered into with FINRA in 2009. In addition, FTS made material misstatements and omissions in approximately 77% of a sample set of 250 variable annuity exchanges randomly selected and reviewed by FINRA from among 1,431 variable annuity exchanges. Misstatements and omissions about the cost or benefits of the variable annuity exchange made the exchange appear more beneficial to the customer. FTS also failed to implement a supervisory structure reasonably designed to ensure that its registered representatives obtained and assessed accurate information about the customer's existing and proposed variable annuities prior to affecting the exchanges. These activities did not involve FTS' registered investment advisor, nor did it involve FTS' Passageway Program.

### **4) SEC – 07/18/2023**

FTS settled allegations of wrongdoing by the SEC, in which the SEC alleged that 79 municipal bond underwriting offerings sold to broker-dealers and/or registered investment advisors failed to comply with municipal bond offering disclosure requirements under Rule 15c2-12 of the Securities Exchange Act of 1934 and found that FTS' policies and procedures weren't reasonably designed to determine if the broker dealers and/or registered investment advisors satisfied the exemption requirements under Rule 15c2-12. FTS agreed to cease-and-desist from future violations of those provisions, be censured, and pay \$442,465.59 in disgorgement plus prejudgment interest of \$67,506.09 to the SEC and a \$200,000 civil money penalty. Additional details regarding this Order can be found at <https://www.sec.gov/files/litigation/admin/2023/34-97937.pdf>. These activities did not involve FTS' registered investment advisor, nor did it involve FTS' Passageway Program.

### **5) SEC – 09/29/2023**

FTS settled allegations of wrongdoing by the SEC, where from January 2019 to 2022, FTS employees sent and received Off-Channel Communications that related to the business of the broker-dealer and registered investment advisor. Due to the fact that these communications were not sent or received on FTS systems, FTS failed to surveil, maintain, or preserve these communications. As a result, FTS was required to cease-and-desist from further violation of SEC Rules related to retention of required books and records, pay a civil money penalty in the amount of \$8,000,000, and take remedial measures including the hiring of an independent consultant. Additional details regarding this Order can be found at

**B. Other Financial Industry Activities and Affiliations**

**1) Fifth Third Securities - Broker-Dealer & Municipal Advisor**

FTS is registered both as a broker-dealer with FINRA and as a registered investment advisor and municipal advisor with the SEC (registration does not imply a certain level of skill or training). Principal executive officers of the broker-dealer are also officers of the registered investment advisor. IARs of FTS also act as representatives of FTS, and solicit other services and products separate from the investment advisory services provided through Passageway. Representatives receive compensation for these separate activities. Clients are under no obligation to engage FTS and our IARs for these separate products and services.

**2) Related Entities**

**a) Fifth Third Bank, National Association (FTB)**

FTS is a wholly-owned subsidiary of FTB. FTB is a federally chartered institution and is not a registered investment advisor under the U. S. Securities & Exchange Commission. It is anticipated that FTB will benefit from the compensation for services provided through Passageway. FTS has retained FTB to act as Portfolio Manager and develop asset allocation models in the IMG Program and to provide initial and ongoing review of the mutual funds in the IMG Program. This creates a conflict of interest when FTS or FTS' IARs recommend the IMG Program to clients. Additionally, there are financial conflicts of interest when FTS or FTS' IARs recommend the IMG Program. Please refer to *Item 4.C.1)* section of this Brochure for details on this conflict of interest.

**b) Fifth Third Insurance Agency, Inc.**

Fifth Third Insurance Agency, Inc. is a licensed insurance agency, which is a wholly-owned subsidiary of FTB. FTS' IARs act as insurance agents for Fifth Third Insurance Agency. FTS and its IARs offer insurance products and services to advisory clients outside of Passageway accounts. Clients are under no obligation to engage Fifth Third Insurance Agency or its insurance agents for these separate services and products for which a customary commission is received. These insurance products are separate from Passageway and are not considered managed assets within Passageway.

**c) Franklin Street Advisors, Inc. (Franklin Street Advisors)**

Franklin Street Advisors is a registered investment advisor that is a wholly-owned subsidiary of FTB and is an affiliated entity of FTS. Franklin Street Advisors is not a Program Manager currently available in the Passageway Program; therefore, FTS does not consider the affiliated entity, Franklin Street Advisors, a conflict of interest to Passageway clients or prospective clients. FTS operates independently from Franklin Street Advisors, although the two entities share certain resources, such as technology applications and other support services provided through Fifth Third Bank.

**d) MainStreet Investment Advisors, LLC (MainStreet)**

MainStreet is a wholly-owned, indirect subsidiary of Fifth Third Bank and an adviser registered with the U.S. Securities and Exchange Commission. MainStreet is not a Program Manager currently available in the Passageway Program; therefore, FTS does not consider the affiliated entity, MainStreet, a conflict of interest to Passageway clients or prospective clients. FTS operates independently from MainStreet, although the two entities share certain resources, such as technology applications and other support services provided through Fifth Third Bank.

**e) H2C Securities, Inc. (H2C)**

H2C is a registered broker-dealer, FINRA member, and a municipal advisor registered with the US Securities & Exchange Commission. H2C is a wholly owned subsidiary of Hammond Hanlon Camp LLC. Hammond Hanlon Camp LLC is a wholly owned subsidiary of Fifth Third Acquisition Holdings, LLC and an indirect subsidiary of FTB, National Association. FTS operates independently from H2C, although the two

entities share certain resources, such as technology applications and support services. In addition, certain personnel of FTS are also registered with H2C, including the Principal Financial Officer and the Chief Compliance Officer.

**f) Fifth Third Wealth Advisors, LLC (FTWA)**

FTWA is a wholly-owned, indirect subsidiary of Fifth Third Bank and an adviser registered with the U.S. Securities and Exchange Commission. FTWA is not a Program Manager currently available in the Passageway Program; therefore, FTS does not consider the affiliated entity, FTWA, a conflict of interest to Passageway clients or prospective clients. FTS operates independently from FTWA, although the two entities share certain resources, such as technology applications and other support services provided through Fifth Third Bank.

**C. Additional Conflicts of Interest**

Potential conflicts of interest related to FTS and its affiliated entities are listed under *Item 9.B. Other Financial Industry Activities and Affiliations*.

Conflicts Related to Active Trading and No Charge Investments: FTS does not charge Passageway clients a ticket charge or commission for securities transactions placed in a Passageway account. However, FTS is charged by NFS for securities transactions of certain investments in Passageway accounts. Therefore, FTS has an incentive to lower or limit the number of securities transactions in investments that NFS charges FTS. To help mitigate this conflict of interest, FTS' IARs and Portfolio Managers do not directly share in the costs of a securities transactions when they are placed in a Passageway account, nor does FTS notify IARs of which investments NFS charges FTS.

Conflicts Related to IAR Compensation: FTS' IARs are compensated based on the accounts that the IAR services. Please refer to *Item 4.E. IAR Compensation* for more information regarding conflicts of interest related to IAR Compensation.

The amount of compensation received by FTS and its IARs, as a result of the client's participation in the Passageway Program, can be more than what FTS and its IAR would receive if the client paid separately for investment advice, brokerage, and other services. Therefore, FTS and its IARs can have a financial incentive to recommend the Passageway Program over other investments or services.

A conflict of interest exists for an IAR when they recommend a Passageway program to a client. Passageway programs have either a maximum advisory fee of 2.00% or 1.50% (see *Item 4.C. Investment Advisory Fee Information* for details on the maximum fee for each Passageway program). An IAR may be inclined to recommend a Passageway program where the maximum advisory fee is 2.00% and/or where the internal fee is lower (see *Item 4.C. Investment Advisory Fee Information* for more information of this conflict of interest).

Conflicts Related to Recommending Passageway Account vs. Brokerage Account: Due to the on-going relationship and advisory fees associated with a Passageway account, FTS and FTS' IARs have a financial conflict of interest to recommend a Passageway Account over a Brokerage Account as FTS and FTS IARs have the possibility to earn more in compensation than they potentially would in a Brokerage Account.

FTS helps address this conflict by having a separate group of securities registered principals that review the solicited Passageway Accounts by IARs and these registered principals do not directly receive compensation from the recommendations made by FTS' IARs. Furthermore, FTS helps address this conflict by requiring FTS' IARs to complete paperwork with clients when recommending the opening of a new Passageway Account. This paperwork outlines the types of services the client is seeking (e.g., on-going reviews of accounts and assets). Clients who are not seeking to have FTS or FTS' IARs to provide on-going management of their account, should not open a Passageway Account.

Conflicts Related to Mutual Fund Revenue Sharing: FTS has fee arrangements with some mutual fund companies (which can also include companies that offer exchange traded funds or notes) that issue mutual



funds that are available for purchase in the Passageway Program. These payments often referred to as “revenue sharing.” However, each of these revenue sharing arrangements with mutual fund companies (which can also include companies that offer exchange traded funds or notes) are solely related to FTS’ Institutional Brokerage business and do not apply to the mutual funds held in Passageway accounts. Under these revenue sharing arrangements, the mutual fund company can pay FTS a fee based that is based off of:

1. The amount of client sales;
2. Assets invested in the mutual company’s mutual funds; and/or
3. A fixed fee.

The actual amounts that FTS receives can vary from one mutual fund company to another and may have minimum dollar amount prior to FTS being eligible to receive a revenue sharing payment. In all cases, such revenue sharing payments will be paid to FTS from the mutual fund company’s own resources and not directly from client funds or assets. Such arrangements will have no impact on the fees being charged to clients by FTS, the IAR, or the Portfolio Manager(s). FTS provides marketing support to the mutual fund company and allows the mutual fund company to access FTS’ IARs so that the mutual fund company can promote their mutual funds.

This type of fee arrangement creates a conflict of interest by providing FTS a financial incentive to have FTS clients invest in participating mutual funds instead of mutual funds whose mutual fund company does not make such revenue sharing payments to FTS. FTS does not share revenue sharing payments with Portfolio Managers, and therefore, there is no financial incentive for a Portfolio Manager to select a participating mutual fund for a Passageway account over another mutual fund because of this revenue sharing arrangement. Furthermore, FTS does not share revenue sharing payments with its IARs. Since FTS’ IARs receive no direct portion of the revenue share that is received by FTS, FTS does not believe its IARs have a conflict of interest when selecting one mutual fund over another mutual fund as a result of these revenue sharing arrangements. Lastly, in order to mitigate this conflict of interest, currently FTS does not receive revenue share payments on any of the mutual funds that are held in Passageway accounts. Please visit the bottom of <https://www.53.com/investments/mutual-funds.html> for the list of the mutual fund companies that FTS has a revenue sharing arrangement.

Conflicts Related to Interest on Cash Holdings: NFS shares the credit interest compensation with FTS on cash balance holdings held in Passageway accounts. To help mitigate this conflict of interest, FTS requires clients to select a core account investment vehicle (a/k/a sweep option) for available cash balances instead of allowing the Passageway account to remain in cash. Even when a client selects a core account investment vehicle, there are situations when a Passageway account will still end up holding a cash balance. As a result, FTS will receive credit interest from this cash balance holding. Additionally, we do not directly share with IARs the credit interest income received from cash holdings in a Passageway account, and lastly, the interest earned on cash holdings in a Passageway account that FTS receives from NFS are reimbursed directly to the client’s Passageway account. These reimbursements occur the same quarter or the following quarter that FTS receives the interest from NFS.

Furthermore, FTS Clients can select an available core account investment vehicle or change the core account investment vehicle at any time for their Passageway Account by contacting their IAR. Additional information regarding the Fifth Third Sweep Program and available core account investment vehicles can be found at [53.com/ftsdisclosure](https://www.53.com/ftsdisclosure) under “Core Account & Bank Deposit Program Disclosure”.

Conflicts Related to Clearing Firm (NFS): As mentioned above in Item 4.C., FTS pays NFS clearance and execution fees for trades placed in Passageway accounts. However, NFS makes transactions in certain mutual funds and exchange traded funds/notes available to FTS at no cost if the mutual fund or exchanged trade products (exchange traded funds and exchange traded notes) is part of NFS’ NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program. The availability of no cost transactions creates a conflict of interest for FTS by providing the availability to have transactions in certain mutual funds and exchange traded products at no cost while transactions in other mutual funds



and exchange traded funds not part of NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program are accessed a charge or fee.

In order to help mitigate this conflict of interest, FTS does not distribute to IARs the list of mutual funds and exchange traded products on NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program. Furthermore, FTS has contracted with FIWA to perform initial and ongoing due diligence on the mutual funds and exchange traded products available in the Passageway Program, which includes all of the mutual funds and exchange traded products that are available on NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program. FTS will conduct additional due diligence on the mutual funds and exchange traded products after FIWA has approved or continues to approve them.

Furthermore, NFS provides FTS with two forms of annual credits and one form of monthly credits if FTS meets certain criteria established by NFS. The first annual credit is an annual \$55,000 Business Credit that is paid to FTS through a market credit and/or a clearing statement adjustment to clearing and execution expense (e.g., reduce the fees expenses owed by FTS to NFS). This Business Credit is usually provided to FTS in December of each calendar year. The second annual credit is an annual \$600,000 Correspondent Business Credit that is generally credited on FTS' January clearing statement. The monthly credit is a Technology Credit received to offset some or all of the fees incurred for specific technology systems used in conjunction with NFS. In order for FTS to receive the Correspondent Business Credit and the Technology credit, NFS requires FTS to be at all times in material compliance with the terms and conditions of the Fully Disclosed Clearing Agreement. To help address the conflict of interest that the receipt of the Business Credit and the Correspondent Business Credit create, FTS and NFS have limited the criteria that have to be met by FTS to receive these credits. For example, the receipt of these two credits are **not** dependent on the amount of assets FTS has with NFS, the amount of transactions placed through NFS, the amount of charges/fees assessed by NFS to FTS, any commissions earned by NFS for placement of trades, the number of clients or accounts FTS has with NFS, does not prevent FTS or Portfolio Manager to place a security transaction or transactions through another firm if FTS or a Portfolio Manager believes it is in the client's best interest, nor is there a requirement for FTS to offer or recommend the securities provided through Passageway. FTS' receipt of these aforementioned credits creates additional conflicts of interest by creating a disincentive for FTS to terminate the existing clearing firm arrangement with NFS and select another clearing firm, as FTS would both lose future credits from NFS, would incur termination fees, and be obligated to return a portion of the credits to NFS.

In addition, NFS provided FTS a one-time credit in 2022, and NFS generally provides FTS with \$10,000 annually in conjunction with FTS' Capital Markets Educational and Leadership Meetings where NFS participates in these meetings and the monies are used to partially cover the expenses of the Capital Markets Educational and Leadership Meetings. These Capital Markets Educational and Leadership Meetings are associated with FTS' Capital Markets business activities and are not directly associated with retail customers or retail customer accounts. For example, some of the Capital Markets business activities include Merger & Acquisitions, Corporate and Municipal Bond Underwritings, share buybacks, Institutional Sales, etc.).

Conflicts Related to Portfolio Managers: Portfolio Managers sometimes reimburse or cover the costs for FTS and/or its IARs for the following activities: marketing, business and client development, educational enhancement, and/or due diligence reviews incurred by FTS and/or the IAR relating to the promotion or sale of the Portfolio Manager's services.

Conflicts Related to the AllianceBernstein Program: AllianceBernstein makes investment recommendations and model recommendations that include mutual funds and/or exchange traded funds that are made available by affiliated entity of AllianceBernstein in which AllianceBernstein serves as the investment adviser and the mutual funds and exchange traded funds are affiliated products of AllianceBernstein. AllianceBernstein does not limit the available investment options to mutual funds and exchange traded funds offered by or affiliated entity of AllianceBernstein but include other mutual fund and/or exchange

traded funds of non-affiliated entities. By recommending the investment options that include affiliated investments within the AllianceBernstein Program, and therefore the client's account, this can limit the growth potential of client's account(s) and/or increase the risk of the client's account(s) that can lead to greater losses if other investment options were available or were invested.

Conflicts Related to the Brinker Capital Program, Brinker Capital makes investment recommendations and model recommendations **solely** of Brinker Destination funds that Brinker Capital serves as the investment adviser and the funds are affiliated products of Brinker Capital. Brinker Capital limits the available investment options both initially and on an on-going basis to Brinker Destination funds. By restricting the investment options within the Brinker Capital Program, and therefore client's account, this can limit the growth potential of client's account(s) and/or increase the risk of the client's account(s) that can lead to greater losses if other investment options were available or were invested. See Brinker's Form ADV Part 2A for more information.

Conflicts Related to the Russell Program, Russell makes investment recommendations and model recommendations **solely** of funds that are made available by affiliated entity Russell Investment Company that Russell serves as the investment adviser and the funds are affiliated products of Russell. Russell limits the available investment options both initially and on an on-going basis to funds of Russell Investment Company. By restricting the investment options within the Russell Program, and therefore client's account, this can limit the growth potential of client's account(s) and/or increase the risk of the client's account(s) that can lead to greater losses if other investment options were available or were invested. See Russell's Form ADV Part 2A for more information.

Conflicts Related to the Symmetry Program when the Symmetry Panoramic Models are used, Symmetry makes investment recommendations and model recommendations **solely** of Symmetry Panoramic funds that are made available by an affiliated entity that Symmetry serves as the investment adviser and the funds are affiliated products of Symmetry. Symmetry limits the available investment options both initially and on an on-going basis to Symmetry Panoramic mutual funds. By restricting the investment options within the Symmetry Program, and therefore client's account, this can limit the growth potential of client's account(s) and/or increase the risk of the client's account(s) that can lead to greater losses if other investment options were available or were invested. See Symmetry's Form ADV Part 2A for more information.

Conflicts Related to the Vanguard Program, Vanguard makes investment recommendations and model recommendations **solely** of mutual funds and exchange traded funds that are made available by Vanguard or affiliated entity(ies) of Vanguard in which Vanguard serves as the investment adviser and the mutual funds and exchange traded funds are affiliated products of Vanguard. Vanguard limits the available investment options both initially and on an on-going basis to mutual funds and exchange traded funds offered by Vanguard or affiliated entity(ies) of Vanguard. By restricting the investment options within the Vanguard Program, and therefore the client's account, this can limit the growth potential of client's account(s) and/or increase the risk of the client's account(s) that can lead to greater losses if other investment options were available or were invested. See Vanguard's Form ADV Part 2A for more information.

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

##### **1) Code of Ethics**

FTS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. FTS' Code of Ethics is based upon the principle that FTS and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The Code of Ethics is designed to help ensure that the high ethical standards long maintained by FTS continue to be applied. The purpose of the Code of Ethics is to preclude activities which lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business

conduct. FTS' fiduciary duty means that FTS has an affirmative duty of utmost good faith to act solely in the best interest of its clients. FTS and its employees are subject to the following specific fiduciary obligations when dealing with investment advisory clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to help ensure that investment advice is suitable to meeting the client's individual investment objectives, needs and circumstances; and
- A duty to be loyal to clients.

To implement the Code of Ethics, all FTS access persons are required to acknowledge their receipt of the FTS' Code of Ethics. FTS' IARs are further subject to specific personal securities transactions and holdings reporting requirements, and FTS compliance personnel review such transactions and holdings information. Nevertheless, FTS' IARs can buy or sell securities for their personal accounts identical to or different than those held in client accounts. IARs are prohibited from purchasing initial public offerings in their own personal accounts under FTS' Code of Ethics, and IARs must receive pre-clearance before investing in private securities offerings (e.g., Regulation D offerings).

FTS' Code of Ethics further includes the FTS policy prohibiting the use of material non-public information. FTS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination. Advisory clients or prospective advisory clients can receive the full version of FTS' Code of Ethics by making a written request to:

Fifth Third Securities, Inc.  
Attn: Compliance Department  
38 Fountain Square Plaza  
MD: 1090AM  
Cincinnati, OH 45263

#### **E. Review of Accounts**

FTS' IARs periodically review client Passageway accounts. Reviews by IARs may include the client's current asset allocation, the managed securities in the Passageway account, and the Portfolio Manager, if the client is in a Passageway program other than the Advisor Directed Program.

In addition, IARs will generally attempt to meet with Passageway clients each calendar year and review their financial and investment goals, risk tolerance, and other information relevant to maintaining an appropriate investment strategy for the client, as well as review the investment management of the Passageway account. These reviews with Passageway clients can be conducted in-person, telephonically, or by a videoconferencing system (e.g., Webex, Microsoft Teams). Generally, if FTS is unable to conduct a review with a Passageway client for two consecutive calendar years, FTS will commence with termination of the advisory relationship with the Passageway client in the third year unless a review is able to occur. However, FTS understands that in certain client situations meeting with an FTS IAR may not be practical and in those circumstances, FTS may not seek to terminate the advisory relationship with the Passageway client (e.g., military deployed overseas).

Portfolio Managers periodically review Passageway accounts. These reviews by Portfolio Managers will sometimes result in rebalancing a Passageway account back to or a close approximate of the asset allocation selected by the client. For more information regarding a specific Portfolio Manager's review of accounts please refer to their Form ADV Part 2A.

#### **F. Quarterly Performance Reports**

On a quarterly basis, FIWA sends to Passageway clients a statement containing a description of the activity that occurred in the client's account(s) during the previous quarter including, but not limited to, the following:

- Securities holdings

- Account value
- Transactions occurred in the account, including contributions and withdrawals
- Advisory fees charged for the period

FTS does not independently verify the accuracy of the performance information provided by FIWA on client quarterly performance reports.

In addition, clients receive either monthly statements from NFS if securities transactions (e.g., purchases, sales, or transfers) occur in the Passageway account or quarterly statements from NFS if no transactions occur in the Passageway account. **Clients are encouraged to compare the holdings and transactions listed on NFS statements against the quarterly performance reports provided by FIWA.** The client should promptly alert their IAR or FTS if the client identifies any discrepancies between these statements. FIWA performance statements reflect a trade-date basis, and NFS statements reflect a settlement-date basis. This means transactions that occur at the end of a quarter that have not settled will appear on the FIWA statement but will not appear on the NFS statement.

When FTS or a client terminates the Investment Management Agreement and the corresponding Passageway account, the client will not receive a quarterly performance report for the quarter in which the Passageway account was terminated.

#### **G. Client Referrals and Other Compensation**

FTS currently does compensate individuals who are securities registered with FTS for qualified client referrals to FTS. To qualify for the referral fee the following conditions must be met: 1) the client is not an existing client of FTS at the time of the referral, 2) the client agrees to and has an appointment with a Registered Representative of FTS, and 3) the client has a minimum of \$50,000 in investable assets. If these three conditions are met, individuals who are securities registered with FTS would receive a \$25 referral fee. A referral fee is not contingent upon the client opening an account (Passageway or Brokerage), purchasing any security or investment, or FTS receiving any type of compensation from the client or their investable assets.

FTS pays on-going compensation to IARs who are made available to some Passageway clients to assist with their Passageway account when their primary IAR is unavailable. Assistance will generally be around the administration of the account such as, Passageway account balance inquiries, specific information requests about the client's Passageway account holdings (e.g., current value of a security, date(s) when a specific security was purchased or sold, prospectus request, etc.), and information about managers Portfolio Managers, as applicable. Assistance to Passageway clients would not include specific Passageway Program recommendations, recommendations to change Passageway Programs, or asset allocation changes to an existing Passageway account without the involvement of the primary IAR. These IARs that receive the nominal fee are registered as IARs with FTS and applicable clients will receive a copy of the IAR's Passageway Supplemental Brochure (Form 2B) in addition to their primary IAR's Passageway Supplemental Brochure.

#### **H. Financial Information**

##### **1) Balance Sheet**

FTS is not required to provide a balance sheet with this Brochure because we do not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

##### **2) Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

FTS is not aware of any financial impairment that will preclude us from meeting our contractual commitments to our advisory clients.

##### **3) Bankruptcy Petitions in Previous Ten Years**

FTS has not been the subject of a bankruptcy petition in the last ten years.

**Exhibit A**  
**Trading Away Details by Portfolio Managers**

<b>Alliance Bernstein</b>	<b>2022</b>	
	<b>% of Client Block Trades "Traded Away"</b>	<b>Cost to clients</b>
• AB Tax Aware Fixed Income Managed Account	98.5%	\$0.00
<b>Clark Capital Management Group, Inc.</b>	<b>2022</b>	
	<b>% of Client Block Trades "Traded Away"</b>	<b>Cost to clients</b>
• Clark Navigator Fixed Income Total Return Managed Account		
• Clark Navigator High Dividend Equity Managed Account		
• Clark Navigator Taxable Fixed Income Managed Account	75-80%	\$0.00 - \$0.01 per share
<b>Investnet PMC</b>	<b>2022</b>	
	<b>% of Client Block Trades "Traded Away"</b>	<b>Cost to clients</b>
	2%	\$0.00 - \$0.0825 per share
<b>GW&amp;K</b>	<b>2022</b>	
	<b>% of Client Block Trades "Traded Away"</b>	<b>Cost to clients</b>
• GW&K 2-8 Year Active Municipal Bond Managed Account		There are no additional explicit costs for client's step-out trades in fixed income securities. As GW&K is an investment advisor and not a broker/dealer, GW&K neither receive any economic benefit from trading activity, nor do we directly control the degree of mark-up or mark-down that may be applied by brokers we engage on behalf of our fixed income clients. GW&K have high conviction that GW&K's greatest opportunity to achieve best execution in municipal and taxable bond trading is to leverage institutional trading relationships, aggregate trade volume influence, regional and sector expertise, and other factors made available through having discretion over such transactions. Moreover GW&K believes, through trading large blocks of bonds with institutional trading partners when compared to what most program sponsor desks may execute in smaller increments, perhaps even on an account-by-account basis, GW&K is not only not adding additional cost, but that clients are benefiting from our trading expertise and paying less.
• GW&K Core Bond Managed Account		
• GW&K Enhanced Core Taxable Managed Account		
• GW&K Intermediate Municipal Managed Account		
• GW&K Municipal Enhanced Yield Managed Account		
• GW&K Short Term Taxable Managed Account		
• GW&K Total Return Taxable Managed Account	100%	
• GW&K Small Cap Growth Equity Managed Account		
• GW&K Small/Mid Cap Equity Managed Account	0%	N/A

**Exhibit A**  
**Trading Away Details by Portfolio Managers**

Nuveen Asset Management	2022 % of Client Block Trades "Traded Away"	Cost to clients
<ul style="list-style-type: none"> <li>• Nuveen Intermediate Muni Fixed Income Managed Account</li> <li>• Nuveen Limited Maturity Municipal Managed Account</li> </ul>	100%	*
<ul style="list-style-type: none"> <li>• Nuveen Intermediate Government Only Managed Account</li> <li>• Nuveen Large Cap Core Managed Account</li> <li>• Nuveen Large Cap Growth Managed Account</li> <li>• Nuveen Long-Term Municipal Fixed Income Managed Account</li> <li>• Nuveen Municipal Ladder 10-25 Years Managed Account</li> <li>• Nuveen Municipal Ladder 1-7 Years Managed Account</li> <li>• Nuveen Preferred Securities Managed Account</li> <li>• Nuveen Municipal Total Return Managed Account</li> </ul>	0%	N/A
	60%	*
<p>*Municipal Bonds: Where Nuveen Asset Management trades away, clients generally incur implicit transaction costs and fees in addition to the wrap fee. These fees are generally in the form of mark-ups and mark-downs, or spreads, earned by the relevant securities dealer (not Nuveen Asset Management or a Nuveen affiliate) in addition to the wrap fee payable to the wrap program sponsor.</p>		
Pacific Income	2022 % of Client Block Trades "Traded Away"	Cost to clients
<ul style="list-style-type: none"> <li>• Pacific Income Core Plus Managed Account</li> </ul>	38.6%	0 to 0.1 bps
<ul style="list-style-type: none"> <li>• Pacific Income Limited Duration MACS Managed Account</li> </ul>	100%	0 to 0.1 bps
<ul style="list-style-type: none"> <li>• Pacific Income Market Duration MACS Managed Account</li> </ul>	98.24%	0 to 0.1 bps
<ul style="list-style-type: none"> <li>• Pacific Income Moderate Duration MACS Managed Account</li> </ul>	N/A	N/A
Rothchild	2022 % of Client Block Trades "Traded Away"	Cost to clients
<ul style="list-style-type: none"> <li>• Rothschild U.S. Balanced Gov't/Credit Taxable Managed Account</li> <li>• Rothschild U.S. Balanced Municipal Tax Exempt Managed Account</li> </ul>	100% of Fixed Income	\$0
<ul style="list-style-type: none"> <li>• Rothschild U.S. Large-Cap Core Managed Account</li> <li>• Rothschild U.S. Large-Cap Value Managed Account</li> </ul>	N/A	N/A

# Standard Commission and Fee Schedule



Effective Date June 15, 2023

## Commission Schedule

EQUITIES <sup>†</sup>	
Principal Amount	Commission Rate
\$0.00 - \$2,000.00	\$10.00
\$2,000.01 - \$25,000.00	\$60.00 + .65% of principal
\$25,000.01 - \$50,000.00	\$100.00 + .60% of principal
\$50,000.01 - \$100,000.00	\$125.00 + .55% of principal
\$100,000.01 +	\$175.00 + .50% of principal
Self-Directed Online Trades	\$29.95

OPTIONS <sup>†</sup>	
\$75.00 + \$1.75 per contract	
All option transactions are subject to an overriding minimum of \$75.00.	

MUTUAL FUNDS <sup>†</sup>	
All Loaded Funds	Follows the schedule set forth by the fund
All No Load Funds	\$25.00 per purchase transaction
All Money Market Funds	\$0.00 (No transaction fee)

FIXED INCOME	
Commission on fixed income securities varies based on several factors including, but not limited to, maturity date and size of purchase.	

*All Commissions, Rates, and Fees are subject to change and may vary by program and arrangement.*

<sup>†</sup>Waived for Passageway Managed Account Program\*

\*Passageway is an investment advisory service offered by Fifth Third Securities. For additional information about the advisory services offered by Fifth Third Securities, please speak with your Investment Professional or ask for a copy of the Firm's Passageway Managed Account Wrap Fee Program Brochure (ADV Part 2A).

Fifth Third Bank, N.A. provides access to investments and investment services through various subsidiaries, including Fifth Third Securities. Fifth Third Securities is the trade name used by Fifth Third Securities, Inc., member FINRA/SIPC, a registered broker-dealer and a registered investment advisor registered with the U.S. Securities and Exchange Commission (SEC). Registration does not imply a certain level of skill or training.

### Securities, Investments, Investment Advisory Services, and Insurance:

Are Not FDIC Insured	Offer No Bank Guarantee	May Lose Value
Are Not Insured By Any Federal Government Agency	Are Not A Deposit	

Insurance products made available through Fifth Third Insurance Agency, Inc.

## Fee Schedule

Fee Description	Fee
Account Transfer (Outgoing)	\$95.00
Service Fee	\$8.00
Aged Legal Items	\$25.00
Annual Custody and Recordkeeping Fee <sup>1,2,3,4</sup>	\$50.00

<sup>1</sup>Periodic investments, systematic withdrawals, mutual fund exchanges, and equity dividend reinvestments are defined as trading activity. All trading activity must settle on, or prior to, the last business day of the current calendar year to exempt an account from the fee. Mutual fund dividend reinvestments are not defined as trading activity.

<sup>2</sup>Applies when an account holds a position or balance on the last business day of the current calendar year and the account establishment date is prior to January 1st of the current calendar year.

<sup>3</sup>Does not apply when:

- There is trading activity during the current calendar year.
- Account has a net account value of \$50,000.00 or greater as of the valuation date.
- The holder has Momentum Checking and at least \$25,000.00 in a brokerage account.
- The holder has a Private Bank or Preferred Checking Account.
- Account is in the Passageway Managed Account Program.

<sup>4</sup>Fifth Third Securities has the right and authority to debit an account up to the amount of this fee. This includes debiting the account in an amount that is less than the full fee in situations where the account does not have the funds in the account to pay for the full fee.

Debit Interest Charge	NFBLR plus 3%
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The National Financial Base Lending Rate (NFBLR) is set at the discretion of National Financial Services LLC (NFS) after considering commercially recognized interest rates, industry conditions regarding the extension of margin credit and general credit conditions.

Foreign Security Movement	\$75.00
Overnight Mailing Fee	\$10.00
Mutual Fund No Load Transaction Fee <sup>†</sup>	\$25.00
Transfer Agent - Register/Ship	\$25.00
Physical Reorganization Fee	\$25.00
Premiere Select Retirement Annual Fee <sup>5,†</sup>	\$75.00

<sup>5</sup>Does not apply when account has a net account value of \$100,000 or greater as of the valuation date

Premiere Select Retirement Termination Fee <sup>†</sup>	\$125.00
Return Check	\$50.00
Stop Payment on Check	\$30.00
Trade Settlement Extensions	\$30.00
Wire Transfer	\$15.00