

# Guide to Brokerage Services

**Regulation Best Interest Disclosure**

June 30, 2023

## INTRODUCTION

The Securities and Exchange Commission (“SEC”) adopted Regulation Best Interest (“Reg BI”) in 2019 and required compliance by June 30, 2020. The intent of this rule is to ensure that recommendations made to the investing public are implemented so as to serve the best interest of the investor. In addition to ensuring our Financial Advisers (“FAs”) are acting in the best interest of our clients, and in compliance with SEC requirements, we are providing the following *Guide to Brokerage Services* (“Guide” or “Disclosure”) to you with an overview of the types of services and products we provide to you, how UnionBanc Investment Services (“UBIS” or “Firm”) is compensated, and to disclose any identified or perceived conflicts of interest that may arise. You may research our Firm and associated persons by accessing [Investor.gov/CRS](http://Investor.gov/CRS). This site also provides you with educational materials about broker-dealers, investment advisers, and investing. We believe that the best investor is a well-informed investor.

At UBIS our goal has always been to ensure that our clients are well informed about the investment products they are offered and that the transactions we recommend are suitable for the client’s stated investment goals. To expand upon this we have modified our existing disclosures to address the scope and terms of our relationship with you, including the capacity in which we are acting, the type and scope of our services, material limitations on our services, the fees and costs associated with your holdings, account features, transactions, and the conflicts of interest that exist for the Firm and/or for our FAs.

UBIS is registered with the SEC as both a broker-dealer and an investment adviser. UBIS is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). In addition, UBIS is a subsidiary of U.S. Bancorp and an affiliate of U.S. Bank, National Association (“U.S. Bank” or “the Bank”). Our brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your needs and your investment objectives, we may assist you with brokerage services, investment advisory services, or both. There are important differences between brokerage and advisory services, including their costs, the services we provide, and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Information regarding the differences between our brokerage and advisory services is also available in our *Customer Relationship Summary (Form CRS)* disclosure, which is available at [www.usbank.com/unionbanc-investment-services](http://www.usbank.com/unionbanc-investment-services).

**Brokerage and investment advisory services available through UBIS are NOT deposits or other obligations of, or guaranteed by, the Bank or any Bank affiliate, are NOT insured by the FDIC or by any other federal government agency, and are subject to investment risks, including possible loss of the principal amount invested.**

While we take reasonable care in developing and making recommendations to you, investments in securities and other investments involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that the recommended investment and/or strategy will perform as anticipated. Clients should consult the product offering documents, prospectuses and/or product disclosure documents for additional discussion of risks associated with a particular product.

As a UBIS client, you have access to a broad scope of services and resources, whether we serve you as a broker-dealer or investment adviser, or refer you to our affiliate, U.S. Bank, for banking, trust services, or insurance products through its insurance division, UnionBanc Insurance Services. Clients may purchase many of our products and services in either transaction-based accounts (i.e., brokerage accounts), fee-based accounts (i.e., advisory accounts), or a combination of both.

## CAPACITY IN WHICH UBIS SERVES

All recommendations made by your FA regarding your brokerage account will be made in a broker-dealer capacity, and all recommendations regarding your managed account will be made in an investment advisory capacity. When we make a recommendation to you, we will expressly tell you which account we are discussing. This Guide primarily addresses brokerage services and products. For more complete information on our investment advisory services, please see our Form ADV Part 2A brochure for the Managed Account Solutions program and Personal Portfolio Services, available at <https://adviserinfo.sec.gov/>.

**Brokerage.** In our capacity as a broker-dealer, we recommend and upon your instruction will effect securities transactions, including the buying or selling of securities within your brokerage account. Clients can also transact securities directly in their brokerage accounts utilizing our online services. Such transactions are self-directed by the client without a recommendation from either UBIS or their FA. See our “Material Limitations” section below for additional information.

When we act as a broker-dealer of securities, including variable insurance products, or when we recommend investment strategies in connection with your account, we will facilitate the execution of transactions based upon your instructions. UBIS does not offer discretionary accounts and does not have discretionary authority to buy and/or sell investments for you. Each trade within a brokerage account is facilitated upon the client’s instruction. As such, you as the client (and not UBIS or the FA) will make individual buy, sell and hold decisions. We are acting as your agent without any investment discretion.

While we remain available to assist you after effecting a securities transaction for you (including those we recommend to you), UBIS will not monitor your account(s). It is your responsibility to monitor your account on an ongoing basis and to keep UBIS informed of any changes that could affect your investment profile, including changes to your financial situation, investment time horizon or level

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Brokerage and investment advisory services offered by UnionBanc Investment Services LLC, a registered broker-dealer, investment adviser, member FINRA/SIPC, and subsidiary of U.S. Bancorp:

- **Are NOT deposits or other obligations of, or guaranteed by, the Bank or any Bank affiliate**
- **Are NOT insured by the FDIC or any other federal government agency**
- **Are subject to investment risk, including possible loss of the principal amount invested.**

of risk you are willing to accept.

UBIS does not require an account minimum to open a brokerage account. However, you may be charged an Annual Custody Fee for Inactive Accounts if your brokerage account does not have trading activity or margin interest within the preceding 12 months. UBIS reserves the right to waive the minimum balance charge for certain accounts. For additional information regarding the Annual Custody Fee, please refer to the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreements*. Certain product types may require a minimum purchase amount in order to execute the transaction. Please refer to the specific product offering documents for additional details.

A broker-dealer does not serve in a fiduciary capacity, but rather as an agent, under the client protection and other rules of FINRA and the SEC and the Securities Exchange Act of 1934, including the requirement that any recommendations must be suitable, which was modified by SEC Regulation Best Interest, as noted below. When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as FINRA, and applicable state laws. On or after June 30, 2020, all broker-dealers who provide a recommendation of securities or investment strategies containing securities to retail clients must comply with Reg. BI.

**Investment Advisory.** Investment Advisers generally provide investment advice, for a fee, regarding securities or investment strategies involving securities. When we act in our capacity as an investment adviser, we will generally do so pursuant to a written agreement with you that sets forth the investment advisory relationship with you and our obligations to you. Advisers must comply with various requirements under the Investment Advisers Act of 1940, including having a fiduciary duty, which asserts (among other things) that we owe a duty of care and a duty of loyalty to you. We currently have two types of investment advisory programs: (1) the Managed Account Solutions (“MAS”) program, in which an FA gathers information from you and helps you select a third-party money manager (“Sub-manager”); and (2) the Personal Portfolio Solutions (“PPS”) program, a program in which the FA serves as your investment adviser on a non-discretionary basis. Please note that the PPS program is no longer offered to new clients of UBIS. For each type of investment advisory account you maintain, we provide ongoing monitoring of your account portfolio and will meet with you as frequently as necessary (but no less than once per calendar year) to review your investments and confirm that your account is still appropriate for your financial needs and goals, and if necessary, make any needed changes. Each specific investment advisory program maintains a separate and distinct account minimum balance requirement. For detailed information regarding UBIS’s investment advisory program, please review our Forms ADV (*The Managed Account Solutions Form ADV Part 2A* and the *Personal Portfolio Solutions Form ADV Part 2A – Appendix 1*).

For detailed information regarding the distinctions between brokerage and advisory services, please see our publication *Brokerage or Advisory Account: Which is the best fit for you?* This information is also provided to you when you open an account at UBIS.

We encourage you to consider the costs and services associated with each pricing structure carefully and to speak with your FA regarding which approach is most appropriate for you. Different products have different compensation structures and accordingly our FAs will be paid more or less depending on the products or services you choose. For more information please refer to the section below entitled “Fees and Expenses.”

## **BROKERAGE ACCOUNTS, ACCOUNT FEATURES, AND PRODUCT LIMITATIONS**

UBIS, as a broker-dealer, offers the following types of accounts and services to our retail clients:

- Retail and Institutional Brokerage Accounts: UBIS offers brokerage accounts for taxable and tax-advantaged assets (such as traditional brokerage accounts and individual retirement accounts (“IRAs”), ROTH IRA, etc.) to both retail and institutional clients to transact general securities for a commission-based fee structure.
  - Qualified accounts are most commonly known as retirement accounts, and individuals can receive certain tax advantages when saving for retirement. These types of accounts can include individual retirement accounts such as traditional IRAs, Roth IRAs, or 401(k) plans or Pension Plans.
  - Non-qualified accounts are commonly known as individual accounts that do not receive or qualify for any level of tax-deferral or tax-exempt status. These types of accounts can include individual accounts, joint accounts, joint accounts with rights of survivorship, trust accounts, community property accounts, fiduciary accounts, custodian accounts, Uniform Gifts to Minors Act (UGMA) accounts, Uniform Transfer to Minors Act (UTMA) accounts, and conservator, guardian, executor, administrator, attorney-in-fact, and Transfer on Death accounts.
  - As part of the brokerage platform, UBIS utilizes an affiliated “sweep” feature called the Business Deposit Sweep Program/ Consumer Deposit Sweep Program (collectively referred herein as “BDSP”). The BDSP sweeps the uninvested cash balances in your brokerage account into an interest-bearing deposit account at our affiliate, U.S. Bank. U.S. Bank earns compensation from the BDSP and pays UBIS a fee for this service. This compensation creates an incentive for us to encourage your participation in brokerage accounts that use the BDSP. The BDSP is a default feature for certain accounts, and UBIS reserves the right to require BDSP as a default sweep for all UBIS brokerage accounts.
  - A margin account is defined as an account that allows for securities investments held in an account to be used as collateral in obtaining funds or purchasing credit. Credit for marginable securities will be offered by UBIS’s clearing firm, National Financial Services (“NFS”), and will be based upon the value of the stock or other investment and upon its marginable percentage. NFS may impose credit restrictions based upon Federal Reserve Board, SEC, and FINRA regulations. Clients should be aware that margin accounts carry an extra element of risk as it relates to market conditions, such as volatility of the prices of the securities, and should be able to anticipate extraordinary losses in value that can cause the client to lose more money than the value in the account. UBIS charges an annual rate of interest for maintaining a margin account; please refer to the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreements* for a full description of fees charged.

- Managed Accounts offered through UBIS are investment advisory accounts that provide clients access to professional money managers and charge an ongoing advisory fee based on a percentage of the assets in your account. For additional details regarding our managed account program, please refer to our *Forms ADV: The Managed Account Solutions Form ADV Part 2A* and the *Personal Portfolio Solutions Form ADV Part 2A – Appendix 1*.
- Direct Held Accounts: Clients can open accounts that are held directly with investment product providers such as insurance companies, 529 plans, or 401(k) carriers.
- Insurance Accounts (Annuity/Long-Term Care/Life Insurance):
  - Annuity: An annuity is a policy and contract issued by an insurance company and a contract between an insurance policyholder and an insurer which is designed to provide a series of payments made at equal intervals to an account of your choice.
  - Long-Term Care: Long-term care insurance is an insurance product that helps pay for the costs associated with long-term care. Long-term care insurance covers care generally not covered by health insurance, Medicare, or Medicaid. Long-term care insurance typically is provided by a policy issued by the insurance company which is also a contract between the insured and the insurance company.
  - Life Insurance: Life insurance is a policy issued by an insurance company and a contract between a policyholder and an insurer, in which the policyholder pays premiums to the insurer, who promises to pay a designated beneficiary a sum of money, upon the death of the insured person.
  - Disability Insurance: Disability insurance is a policy and contract issued by an insurance company and a contract between an insurance policyholder and an insurer which is designed to protect against loss of income due to disability of the policyholder.
  - Insurance policies are designed to provide coverage under the terms and conditions of the policy and are subject to the liquidity of the insurance company, which is an inherent risk insofar as an insurance company could be unable to pay the claims due to financial distress. Ask your FA about the credit rating of the insurance company that would be issuing your policy.
- 529 Plans: 529 plans are tax-advantaged savings plans specifically designed to pay for future education costs. Legally known as “qualified tuition plans,” 529 plans are sponsored by states, state agencies, or educational institutions.
- 401(k) Plans: 401(k) plans are retirement savings plans offered by employers. 401(k) plans offer tax advantages for employees, as 401(k) contributions are deducted from income before federal or state income taxes are assessed, and earnings are not taxed while assets remain in the plan.

### Material Limitations

- UBIS restricts FAs from soliciting/recommending common stocks, exchange-traded funds (“ETFs”), and mutual fund C Shares to our clients. However, UBIS is able to transact these types of securities as requested by clients on an unsolicited basis.
- In limited instances, UBIS may hire a registered representative that may not have obtained his/her investment adviser FINRA Series 63 and 65/66 or other license at time of hire. As such, the registered representative will be limited to offering only the products and services he/she is currently licensed to offer.
- We limit our investment offerings to a specific menu of investment types, which include mutual funds, variable annuities, and variable life insurance. We also limit our investment offerings to those product providers with whom we have a contractual relationship. For example, we do not offer every mutual fund or mutual fund provider; nor do we offer every type of mutual fund that exists in the marketplace. Please consult your FA about these limitations, including how they might affect recommendations provided to you or your choices for investing.

### FEES AND EXPENSES

Unless you are transacting a mutual fund trade at net asset value (“NAV”), you will pay each time you trade in your brokerage account or make a new investment. This payment is typically called a “commission,” “sales charge,” “markup” or “markdown.” The type and amount of compensation you pay UBIS for brokerage services provided to you varies depending on the investment you select, the size or amount of the transaction, and if you use FA or broker assistance or simply transact on your own online. UBIS receives this compensation for effecting securities transactions, including making recommendations, where applicable. This compensation is typically paid upfront and often based on the amount of assets invested.

The more you transact in your account, the more commissions you will pay to UBIS. UBIS and its FAs therefore have an incentive to encourage you to trade more often and make additional investments, which creates a conflict of interest for us. UBIS can transact the following types of securities: (1) general securities and other instruments, such as equities (i.e., common stock), exchange-traded securities, fixed income securities such as corporate bonds, money market securities, bank-issued certificates of deposit (“CDs”), mortgage-backed securities, municipal bonds, U.S. Treasuries, and U.S. Agency securities; and (2) packaged products, such as market-linked CDs (“MLCDs”), mutual funds, variable annuities, and variable life insurance. In addition to sales charges and commissions discussed above, certain investments deduct other ongoing fees and expenses, such as mutual fund 12b-1 fees, management fees, or other servicing fees. These ongoing fees and expenses add to the cost of your investment and reduce returns, so you pay these ongoing fees and expenses indirectly. Below, under “*Sources of Revenue to UBIS*,” we explain more about the fees and commissions charged for different products you might buy, hold, or sell.

The fees and expenses you pay will be determined based on the products or services you receive. Certain investment(s) carry an initial charge and/or ongoing fees or expenses that are charges you incur regularly, such as, periodic fees (e.g., management fees, account fees, distribution and service fees, and other operating expenses).

Most mutual funds, 529 Plans, and UITs available through UBIS require that you pay a sales commission plus an annual fee associated with operating the mutual fund, 529 Plan or UIT. For mutual funds and 529 Plans, certain share classes, such as B or C shares, will contain a deferred sales charge based on a specific time period. These deferred sales charges are designed to recoup the cost of creating and maintaining the mutual fund for a specific time period in the event the mutual fund is sold prior to the specific time period associated with the share class. For UITs, the total sales charges can include a deferred sales charge and a creation and development fee, which are fixed dollar amounts per unit. These ongoing fees and expenses are typically charged daily as a percentage of your investments. You pay these fees and expenses indirectly, as they are deducted from your investments on an ongoing basis.

For most variable annuity products available through UBIS, you will pay contract charges which include mortality and expense (“M&E”) fees and charges set by the insurance company. M&E charges are a fixed fee that varies by policy. In addition to M&E fees, the insurance company charges an annual administration fee to cover recordkeeping, account services, and basic management associated with the annuity contract. This is typically a flat fee and can be waived if the annuity contract is above a certain dollar amount. As mentioned in the section below regarding direct compensation, riders are an optional provision feature of an annuity contract. These features could provide a death benefit payout, or income stream payout, or a living benefit to enhance the overall benefits of the annuity contract. Each specific rider has a cost associated with the feature, and the more riders that are added to an annuity contract, the more expensive the annuity ultimately can become. Lastly, the selection of sub-accounts available within an annuity contract is determined by agreement between the insurance company and the fund company. These sub-accounts offer the annuity contract holder diversification by offering the ability to choose between or among various types of investment options. Diversification does not guarantee a profit or insure against a loss.

For more information on commissions or sales charges for each of your transactions (e.g., wire transfer fees, account termination fee, ACAT fee, margin fee, research fees, or custodial fees), please refer to the confirmation, prospectus, or other offering document provided in connection with the investment. In addition, certain brokerage-related and administrative fees apply to your brokerage account, which is held in custody at NFS, our unaffiliated clearing broker. More information about these account-level fees is available in the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreements*.

## **SOURCES OF REVENUE TO UBIS**

UBIS earns its revenue primarily from our clients. We also earn revenue from product providers and money managers (“third parties”) who assist us in providing the investments and services that we offer you. The following list of revenue sources is not “comprehensive” and may change over time. Clients should contact their FA regarding additional questions relating to the compensation we earn or any other conflicts of interest.

### **Direct Compensation**

The type and amount of direct compensation UBIS receives for brokerage services provided to our clients varies depending on the investment selected by the client and the amount invested by the client. UBIS receives compensation in the form of commissions, concessions, sales charges, and markups/markdowns for effecting securities transactions on the client’s behalf. Compensation is generally derived from the upfront commission charged on the amount of assets invested by the client. FAs are generally paid a percentage of the revenue according to a schedule that is adjusted from time to time by UBIS. The payment to the FA increases as the amount of revenue generated increases. For additional information on how FAs are compensated, please refer to the “*Investment Professionals’ Compensation*” section below.

### **Equities**

Equities are typically ownership positions (stock) in a publicly traded company, or other financial instruments that are considered to be “securities,” such as private placements in privately traded companies. For equities and other exchange-traded securities (such as ETFs) transacted through UBIS, the commission rate is determined by the dollar amount of the investment plus a flat fee. The commission rate varies between 0.09% and 1.7% and does not include the flat fee, which may be up to \$154 per transaction. UBIS does not solicit or recommend equities or ETFs to its clients; however, we are able to transact these securities on behalf of our clients on an unsolicited basis.

### **Mutual Funds**

A mutual fund is a type of investment company that pools money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other alternative asset classes and permits daily redemptions. Mutual funds are managed by professional money managers who seek to achieve the fund’s investment objectives through the use of asset allocation, diversification, and rebalancing strategies. UBIS offers only mutual fund Class A shares to its clients, and fees are charged based on breakpoints, which can vary by fund company. Please refer to the mutual fund company’s website and/or fund prospectus for information on the particular fund you are purchasing. Information provided will include sales charges (the amount of commission you are charged to purchase the mutual fund), management fees (the internal cost the manager charges the mutual fund to provide their investment management), and investment objective, which is the financial objective of the mutual fund based on its principal investment strategy or management style. UBIS does not solicit or recommend any other share class of mutual funds, although UBIS may accept client-directed trades for other share classes on an unsolicited basis. UBIS earns a commission (referred to as a sales charge or a front-end load) on the purchase amount for Class A shares. The front-end load can generally go up to 5.75% but will vary by fund company, the type of fund, and the purchase amount. UBIS also earns a trail commission, generally between 0.25% and 1.00% of the fund’s net assets held by UBIS clients, annually.



## Unit Investment Trust

A unit investment trust (“UIT”) is another type of investment company that offers a fixed portfolio, which generally consists of stocks, bonds, or other assets that are offered as redeemable units to investors for a specific period of time. Typical UITs are composed of portfolios made up of equity securities (for capital appreciation) or fixed income bonds (for income generation). UITs differ from mutual funds in that UITs do not have an investment adviser providing ongoing management of the fixed portfolio. UBIS earns a commission, generally up to 3.95%, which varies depending on the term and the type of UIT purchased.

## Variable Annuity

An annuity is a contract between the account holder and a life insurance company. Variable annuities (“VAs”) are typically designed to help meet investment and income objectives for retirement. The contract offers tax-deferred growth through a range of investment options. These investments are subject to the market fluctuations of the underlying investment options and possible loss of principal. Variable annuities have a “surrender period,” which is a period of time that typically lasts five to eight years after a contract is issued. A “surrender charge” typically applies during the surrender period when a policyholder cancels or withdraws funds in excess of an amount that may be allowed by the contract. The surrender fee will reduce the return of the investment and the value of the annuity. Surrender charges typically decrease over the surrender period. All VAs available through UBIS contain surrender periods. Another provision offered by insurance companies is an optional rider that can be added to the annuity for a cost. For additional information regarding VAs, please review the specific insurance company’s prospectus regarding that annuity’s costs and features. UBIS earns a commission for selling a VA and can earn a maximum upfront commission of 5.5% and a trail commission of 0.25% to 1.0% from year 2 forward.

## Registered Index Linked Annuity

A registered index-linked annuity (“RILA”) references the performance of a particular market index to calculate both gains and losses, but the annuity does not directly invest in the markets. Instead, the contract offers tax-deferred growth opportunities by tracking the performance of a market index. A RILA is a cross between a fixed indexed annuity and a variable annuity. RILAs available through UBIS have surrender charges. For additional information regarding RILAs, please review the specific insurance company prospectus regarding that annuity’s costs and features. UBIS earns a commission for selling a RILA and can earn a maximum upfront commission of 4.5% and a trail commission of 0.25% to 1.0% from year 2 forward.

## Variable Universal Life Insurance

Variable universal life insurance (“VUL”) is a type of permanent life insurance that offers a death benefit combined with a cash value component. The cash value component can be allocated to a variety of sub-accounts that are market sensitive and can produce positive returns in an up market along with negative returns in a down market. The cost of insurance varies based on the client’s age, sex, risk class, and insurance amount applied for. Clients can obtain more cost information by contacting their FA and also reviewing the prospectus. UBIS earns a commission for selling VULs and can earn up to a maximum of 80% of the first year’s target premium, plus an annual trailer payment that is typically between 0% and 2%.

While the upfront commission amounts to 80% of the first-year target premium, this amount is based upon an annual premium paid by the client that is equal to or exceeds the commission target premium. In the event the client pays the premium on a monthly basis, the commission is then paid in monthly installments until the first-year target commission premium is satisfied. The annual trailer payment is also limited to the specific product duration. For additional clarification regarding specific products, please refer to the specific product prospectus.

## Fixed Income Securities

Fixed income securities refer to investment in debt issued by corporations, municipal entities, the federal government, and other quasi-government agencies. Fixed income securities, more commonly referred to as bonds, are investments that pay investors periodic coupon payments (fixed interest or dividends) until the security’s maturity date. At the maturity date, the issuer pays the principal amount (face value) to the investor and redeems the debt issue. Transactions in fixed income securities, such as corporate bonds, money market securities, certificates of deposit, mortgage-backed securities, municipal bonds, U.S. Treasuries, and U.S. Agency securities, may be marked up between 0.9% and 2.9% for purchase orders and marked down between 0% and 1.5% for sell orders. UBIS earns revenue from the markup or markdown.

## Market-Linked CDs

UBIS also offers market-linked certificates of deposit (“MLCDs”) issued by third-party banks. MLCDs are different from traditional bank CDs in that they are structured and embed a derivative feature allowing them to gain access to the stock or bond market to which they are linked. MLCDs are a type of structured product which is more complex and contains more features than general securities or traditional bank CDs. MLCDs involve greater risks, including a potential cap on returns, and possible adverse tax consequences. MLCDs are structured deposit products issued and managed by various FDIC-insured banking institutions (“Issuing Banks”). MLCDs are NOT insured, backed, or guaranteed by SIPC, UBIS, or U.S. Bank. MLCDs may be in the form of a master certificate held by the Depository Trust Company. Each MLCD constitutes a direct obligation of the Issuing Bank. Please refer to the third-party bank’s MLCD’s Disclosure Statement and applicable Disclosure Supplement for additional information, which can be found on the following Market-Linked Certificate of Deposit Disclosure Acknowledgment form. UBIS will receive up to 3.5% in its role as placement agent for the investment.

For more information about the fees, commission or sales charge applicable to products and services we offer, please refer to the respective prospectus, offering document, or the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and*

Service Agreements provided in connection with the investment. These are available through your FA or by calling us at 800-634-1100.

In addition, certain brokerage-related and administrative fees may apply to your account if assets are held in custody at NFS, an unaffiliated broker-dealer providing custody and clearing services.

## **INDIRECT COMPENSATION RECEIVED BY UBIS**

For certain types of transactions, UBIS receives a fee or allowance from a third party. Such fees will be in addition to the direct fees set out in the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Service Agreements*. Examples of such fees include service payments, payments related to the ongoing maintenance by UBIS of positions in your brokerage account, payment of a sales load, or payment of a 12b-1 fee. Please consult the appropriate disclosure, prospectus, or offering document for additional specifics on the indirect fees that UBIS and its affiliates may earn from the sale and servicing of products.

U.S. Bank, UBIS, and their respective employees may be compensated by third parties, including affiliates, with respect to referrals of business and the sale, distribution, and servicing of securities and other property, fixed annuities, variable annuities, single premium immediate annuities, life insurance, 401(k) solutions, CDs, and other products that U.S. Bank and UBIS each make available from time to time. UBIS employees may be compensated by U.S. Bank for client relationship management in collaboration with bank employees. Please note that comparable products and services made available by UBIS or its affiliates may be available at higher or lower fees from other independent service providers not affiliated with UBIS. Please also note that in addition to the above-described payments, UBIS has negotiated agreements with certain sponsors of mutual funds and annuity contracts that may provide UBIS with cash payments of 10 to 30 basis points (0.10% to 0.30%) of the total purchase amount in order to defray the cost of promotional and marketing activities.

These revenue-sharing payments are in addition to other payments such as commissions, 12b-1 fees, and shareholder servicing fees. Information about a mutual fund, UIT, or variable annuity's fees and expenses may be found in the fee table located in the product prospectus. These revenue-sharing payments are not made directly by the client, but are paid by a fund's distributor, investment adviser, or other related entities. UBIS evaluates sponsors and their investment products for inclusion on the product sponsor list using criteria that include investment performance and style, wholesaling, marketing and operational support, and amount of assets under management. UBIS does not consider the receipt of fund portfolio brokerage commissions as a factor in the selection of product sponsors. UBIS does not receive directed brokerage compensation or offer any differential cash compensation from any fund, UIT, or annuity company.

For variable annuities, UBIS may typically receive between 0.25% and 1.5% in trails. Trail payments are paid to UBIS whether or not any such shareholder services are provided. Please refer to the prospectus, subscription agreement, or other offering documents for the investment for more detailed information about the amount of trail payments.

UBIS may also receive additional compensation from investment and insurance companies, often called revenue sharing. Such compensation is paid by the third-party investment or insurance company and does not reduce the amount invested by you. UBIS receives cash payments of up to 0.30% of assets invested with such participating product sponsors. If you participate in the BDSP, UBIS and NFS are compensated by U.S. Bank pursuant to an agreed-upon fee schedule based on the federal funds effective rate. Please refer to the *Bank Deposit Sweep Program (BDSP) Disclosure Statement* and your new account application for additional details.

UBIS may also be compensated between 0.04% and 0.12% of assets by NFS based on the aggregate value of all No-Transaction-Fee funds held by UBIS clients.

In addition, UBIS and your FA may receive certain non-cash compensation from product sponsors from time to time. Compensation may include gifts valued at less than \$100 annually, an occasional meal, and reimbursement for meetings, workshops, seminars, or other similar events. These types of non-cash compensation are generally not tied to any particular client or product.

## **FEES AND EXPENSES YOU PAY AS A CLIENT OF UBIS**

### **Compensation Paid Among Related Parties**

Compensation such as commissions, sales charges, and trail payments that UBIS receives in connection with the services provided to you is shared with your FA. In addition, UBIS, doing business as (DBA) UnionBanc Insurance Services, a licensed insurance agency, earns compensation associated with the purchase of any insurance product with UBIS. Lastly, U.S. Bank and UBIS stand to benefit from your participation in the BDSP as interest revenue is generated over time.

## **INVESTMENT PROFESSIONALS' COMPENSATION**

**Financial Advisers:** Your FA serves as your key relationship contact for all of your UBIS accounts. Your FA will help you to identify your investment profile, goals, and strategies to assess which types of investments may be suitable for you. Your FA will help you determine which investments are in your best interest based on your financial circumstances, risk tolerance, and investment objectives.

UBIS generally pays its FAs a portion of the revenue received according to a schedule (that is adjusted from time to time by UBIS) based on the revenues they generate. An FA's compensation may be based on a combination of commissions and fees from the products you invest in, as well as a base salary as an employee of U.S. Bank.

FAs may be eligible to receive incentives or other types of compensation if they reach certain production levels or other targets, and they may also be eligible for one-time or ongoing bonuses based on a combination of factors, including but not limited to their annual revenues, length of service with UBIS, product mix, and net new assets under management from both current and new clients.

Some FAs may also receive various forms of non-cash compensation from product providers who sell or issue mutual funds, annuities, insurance, UITs and other securities, including but not limited to various forms of marketing support, payment of expenses related to the training and educational efforts of our FAs, and occasional meals and entertainment.

FAs may also have the opportunity to earn ongoing commission payouts (trailers) on certain eligible accounts and/or products where UBIS receives ongoing service fees and the FA is responsible for managing the account relationship. For instance, FAs receive trailing commission payouts generated by mutual funds, variable annuity product sales, and variable insurance product sales.

U.S. Bank may pay its employees and employees of its affiliates, such as UBIS, referral compensation when clients they refer to U.S. Bank establish an account, relationship, or service with U.S. Bank. In addition, U.S. Bank may pay its employees and employees of its affiliates compensation for coordination of the review, recommendation, and integration of suitable products and services relevant to your overall financial situation. An example of this type of compensation is an FA who refers and/or serves as a relationship manager for clients invested in the Bank's managed accounts program within the Personal Trust business at U.S. Bank. Such referrals to the Bank's managed accounts program are made by FAs acting in their capacity as Bank employees, not as UBIS FAs.

Finally, FAs may also receive revenue created by investment sales to clients referred by a Licensed Banker (also known as referral-only registered representative) who possesses active securities and/or insurance licenses with U.S. Bancorp Investments. In addition, from time to time, FAs may form an alliance or "partnership" with a UBIS Institutional salesperson to more effectively serve UBIS clients. The revenue generated from the partnership is split between the FA and the UBIS Institutional salesperson. The amounts earned and/or split may change on a periodic basis due to performance measurements or assessments (e.g., a monthly performance matrix or grid).

Please note that while this summary broadly outlines how we currently compensate the majority of our FAs, some FAs may be compensated differently, and we may adjust our compensation policies periodically.

In addition to the FAs, you may also work with Licensed Bank Professionals, Client Associates, Investment Center Associates, Call Center Representatives, Regional Sales Managers, or Institutional Brokerage Specialists. These licensed professionals receive compensation by working with you and your FA. Their compensation includes incentive compensation which typically rewards them for revenue earned on products and services recommended to you by your FA.

The compensation of our managers and supervisors is tied to the production levels of branches or regions over which they have managerial or supervisory responsibility. The tying of managers' and supervisors' compensation to the production of the branches or regions they supervise incentivizes them to spend more time on increasing production levels in a given branch or region than on their supervisory responsibilities.

## **ACKNOWLEDGMENT OF FIDUCIARY RESPONSIBILITY FOR ADVICE ON IRA ROLLOVERS AND RETIREMENT PLAN ACCOUNTS**

UnionBanc Investment Services (UBIS) acknowledges that when we provide you with investment advice, as defined by the Internal Revenue Code or Employee Retirement Income Security Act, for your IRA or Retirement Plan account, we are investment advice fiduciaries under those laws. When providing investment advice regarding your IRAs or Retirement Plan accounts, we work under Prohibited Transaction Exemption 2020-02, which requires that we:

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

For more information, please review the *Customer Relationship Summary (Form CRS)* and *Guide to Brokerage Services* at [www.usbank.com/unionbanc-investment-services/terms](http://www.usbank.com/unionbanc-investment-services/terms).

## **CONFLICTS OF INTEREST**

Potential and actual conflicts of interest are inherent in financial services businesses. Conflicts of interest may arise on account of UBIS affiliations, interests, and our relationships with multiple clients, other financial services firms, and vendors with which we conduct business. Examples of conflicts of interest that may arise as a result of our compensation structures are described below. This is not intended to be an all-inclusive list, but rather is a disclosure of all material conflicts when taken together with the rest of this *Guide to Brokerage Services*, and for managed accounts, UBIS Form ADV Part 2A and Envestnet Form ADV Part 2A. Please direct any questions to your FA or our Call Center at 800-634-1100.

## **CONFLICTS FOR FINANCIAL PROFESSIONALS**

Financial Adviser Compensation: You should be aware that FAs may have an incentive to recommend products and services for which they receive higher compensation. The following examples are types of conflict of interest:

- FAs generally receive higher revenue over time from investment advisory program fees over brokerage or direct investment commissions; however, FAs can earn more in the first few years of recommending certain brokerage products such as variable annuities and/or mutual funds.



- In general, FAs earn more for products sold initially to the client but will earn trail commissions on renewals for existing insurance products and may earn trail commissions on existing mutual fund positions.
- FAs can also receive non-cash compensation in the form of educational training or marketing support from individual product sponsors. For further information, please refer to the “Non-cash Compensation Conflicts” section below.

Conflicts of interest are generally mitigated through ethical and cultural principles, including policies, procedures, and training designed to ensure recommendations are made in the client’s best interest based on factors relevant to the client, not based on the incentive. See also “How We Mitigate Potential Conflicts of Interest” below.

**Rollover and Account Transfer Recommendations:** Due to the fact that UBIS and your Adviser may only receive the compensation described in this disclosure statement if you maintain an account with UBIS, UBIS and your FA have a conflict of interest when recommending that you roll over or transfer assets from an account held at another financial institution or your employer’s plan to an account held with UBIS. In this respect, UBIS and your FA do not receive any compensation if you do not establish and maintain an account with UBIS. UBIS and your FA also have a conflict of interest when recommending that you make additional contributions, rollovers, or transfers to your account because such increased funding to your account increases the amount of potential compensation UBIS and your FA may receive.

**Revenue Sharing:** Many issuers of investments our FAs recommend periodically pay us based on the total amount of sales we make of their investments or the total amount of client assets we direct to them. These payments are sometimes called “revenue-sharing” payments, and these payments incentivize UBIS to sell to you or recommend that you hold investments that entail such payments. When UBIS receives revenue sharing or similar compensation or distribution support from distributors or advisers of mutual funds, annuity products, UITs and other products we sell, it presents a conflict of interest between our interests and those of our clients. Although these payments are not shared with FAs, they can create incentives to promote those products for which we receive revenue-sharing payments.

**Trading and Execution Practices:** When executing your order in certain types of securities, including debt, we are permitted to trade with you for our own account or for an affiliate or another client, and may earn a profit on those trades. When we or an affiliate act as principal in buying a security from you or selling a security to you, we earn compensation on the transaction by charging you a markup or markdown from the prevailing market price of the security and collecting a spread for our affiliate’s role. This spread is our compensation for taking market risk and making a market in the security. Please note that for clients that maintain brokerage accounts in our Managed Account Solutions (“MAS”) or Personal Portfolio Solutions (“PPS”) accounts, UBIS does not act in the capacity of a principal as we do not purchase securities from any client managed accounts into our accounts and we do not sell securities from our inventory directly to a client. Managed account transactions are executed through our relationship with NFS, and NFS executes client transactions through the applicable market.

We have adopted policies and procedures that limit transactions for our proprietary accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there may be a potential conflict with the interests of clients.

**Best Execution:** UBIS seeks best execution when executing securities transactions for its clients in accordance with applicable regulatory requirements. As noted above, NFS serves as the executing and clearing broker-dealer for UBIS and provides trading execution on behalf of UBIS and its clients. UBIS is an introducing broker-dealer operating under a fully disclosed clearing agreement with NFS. UBIS has only one clearing broker relationship, which is with NFS. NFS executes, clears, and/or will settle securities transactions on behalf of our clients. UBIS evaluates the quality of execution for its clients through NFS by the following metrics: (i) National Best Bid/Offer (NBBO) – the best price in the public market for a security at a specific point in time during a given trading day; (ii) Price Improvement – occurs when the client receives an execution at a price lower than the best offer for a buy order and higher than a best bid for a sell order; (iii) Effective Spread – how well an order was executed in comparison to the NBBO; (iv) Effective/Quoted Ratio – compares the average effective spread with the quoted spread.

**Conflicts Between UBIS Products, USBI Products, and Bank Products:** UBIS FAs may refer clients or prospects to U.S. Bancorp Investments, Inc. (“USBI”), an affiliate and an SEC-registered broker-dealer and investment adviser, also member of FINRA. USBI offers certain products and services that are unavailable at UBIS, such as private placements, structured notes and other products. UBIS FAs may make available to clients one or more U.S. Bank products or services. U.S. Bank offers managed accounts as part of its Personal Trust business investment management services.

**Third-Party Payment Conflicts:** From the universe of mutual funds available for investment, UBIS has selected a group of mutual fund families that reflect a variety of performance and styles in a broad spectrum of investment products and services. UBIS has chosen to work with these fund families because of the array of investment products and services these companies offer to address the varied needs of its client base and because of their size, marketing and operational sophistication, and history of investing and performance statistics. These mutual fund families provide brokers with additional training, educational presentations, and other support so that they can ultimately work more effectively with clients. UBIS receives payments from sponsors of mutual funds and variable annuity contracts that UBIS has placed on its approved product list for its brokers to recommend to clients. The payments that UBIS negotiates from these approved fund families cover the costs of promoting and marketing activities. This compensation is in addition to commissions or any applicable sales charges, including 12b-1 fees and all other service fees disclosed in the prospectus or Statement of Additional Information (SAI). UBIS may pass on all or a portion of this compensation to its brokers. In spite of these arrangements, FAs must always act in the best interest of their client and provide investment options that best meet the client’s overall suitability needs. Either in place of these payments, as an inducement to sell shares of approved mutual funds, or as a factor in the selection of approved fund families, UBIS does not have an arrangement with any approved fund family requiring that it must direct a certain number or proportion of mutual fund transactions executed by UBIS or its clearing broker to these fund companies. To prevent any

consideration that these practices create inappropriate incentives and conflicts of interest that may compromise investment suitability determinations, the policy of UBIS is not to arrange for or accept directed or reciprocal brokerage compensation from approved fund families. Each mutual fund prospectus or SAI that a client receives should disclose these payments. In addition, the UBIS Payments by Product Sponsors Disclosure Statement, which discloses the approved fund families with which UBIS may have negotiated payments, can be located on the U.S. Bank website at [www.usbank.com/unionbanc-investment-services/terms](http://www.usbank.com/unionbanc-investment-services/terms). Clients can access the Mutual Fund Disclosure and Acknowledgment Statement on UBIS's website at [www.usbank.com/unionbanc-investment-services/terms](http://www.usbank.com/unionbanc-investment-services/terms).

**Non-Cash Compensation Conflicts:** UBIS and its FAs are limited in giving or receiving anything of value, including gratuities where such payment is in connection with the person's business activities. Associates of UBIS may not give gifts to or receive gifts from another person in excess of \$100 per calendar year. All gifts received or given must be aggregated for the calendar year to ensure compliance with our internal dollar limit.

From time to time, UBIS and its FAs may give or receive business entertainment in connection with conducting business. Business entertainment can contain the following categories:

- Meals
- Hotel accommodations
- Tickets to sporting or other events
- Reasonable education-related seminars or conferences, such as training events or due diligence meetings
- Reimbursement for reasonable business expenses associated with sales functions, including travel

**Proprietary Product Conflicts:** UBIS does not currently offer any proprietary products for investment purposes; however, as part of your brokerage account, UBIS does make available, as a feature of UBIS brokerage accounts, a proprietary sweep program offered through U.S. Bank which is referred to as the BDSP. The BDSP is a core account investment vehicle used to hold your cash balance while awaiting investment. The cash balance in your brokerage account(s) will be automatically deposited or "swept" into interest-bearing BDSP deposit accounts at U.S. Bank that may be eligible for insurance by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits. BDSP is the default core sweep option for brokerage account(s). The BDSP creates financial benefits for UBIS and U.S. Bank, our affiliate, and NFS. UBIS will receive a fee from U.S. Bank in connection with the BDSP. We will also pay a fee to NFS. The revenue generated by UBIS may be greater than revenues generated by sweep options at other brokerage firms and may be greater than other core account investment vehicles available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. For additional details regarding the BDSP, please review the *UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreements—specifically Section D, the Bank Deposit Sweep Program (BDSP<sup>SM</sup>) Disclosure Statement*.

In addition to the BDSP, UBIS enables clients to use their UBIS brokerage accounts for collateral loan purposes through U.S. Bank. UBIS does not receive compensation for facilitating a collateral loan from U.S. Bank.

**Account-Type Conflicts:** As a broker-dealer, our primary role is to accept orders and execute trades in your account at your direction. The decision to buy, sell, hold, or exchange any security is solely your decision, and we will not use discretion when placing any trade for you. In our brokerage capacity, we have an obligation to treat you fairly and to act in your best interest. In this capacity, if we recommend that you buy, sell, hold, or exchange a security, we must first determine that the recommendation is suitable and appropriate for you based on your investment objectives, time horizon, tolerance for risk, and other financial considerations, such as tax status. We provide our services when you request them and when we have an opportunity or idea that we want to bring to your attention. It is your responsibility to monitor your account on an ongoing basis and to keep us informed of any changes that could affect your investment profile.

As an investment adviser, our primary role is to provide you with investment advice for a fee. This may include the recommendation to use a certain investment strategy or the portfolio management services of a third-party manager. We have a fiduciary relationship with you and are obligated to act solely in your best interest, put your interests above our own, and to disclose and avoid incurring material conflicts of interest. We provide investment advice and we monitor your portfolio on an ongoing basis. In our role as an investment adviser, we meet with you at least annually to review your investments and confirm with you that they are still appropriate for your needs and goals, and if necessary, together we can make any needed changes. We offer several discretionary investment management services through the Managed Account Solutions Program, including the Fund Strategist Portfolio, Unified Managed Account, Separately Managed Account, and Multi-Manager Account. These services provide discretionary investment management, which means that you are not asked to provide approval for specific trades. We also offer non-discretionary investment management services through the Personal Portfolio Solutions Program, where you are consulted by your FA prior to any transactions. In an advisory relationship, you will pay an annual fee, billed quarterly in advance of each quarter, that covers fees related to various services such as clearing, custody, trading, technology, and monitoring for your account. The fee is typically based on a percentage of the value of your account.

## Investment Professionals' Compensation

The manner in which our FAs at UBIS are compensated results in material conflicts of interest. UBIS generally pays our FAs and certain other employees a portion of the revenue we receive according to a schedule (that is adjusted from time to time by UBIS) based on the revenues they generate. In this respect, compensation may be based in part on a combination of commissions and fees from the products sold to you. FAs may also have the opportunity to earn ongoing commission payouts (trailers) on certain eligible accounts and/or products where UBIS receives ongoing service fees and the FA is responsible for managing the account relationship. FAs may receive marketing support, payment of expenses related to training and educational efforts, and occasional meals and entertainment. In addition, FAs may be eligible to receive incentives or other types of compensation if they reach certain production levels or other targets, and they may also be eligible for one-time or ongoing bonuses based on a combination of factors, including their annual revenues, length of service with UBIS, product mix, and net new assets under management from both current and new clients. FAs are eligible to receive a portion of the revenue created by investment and insurance sales to clients referred by a licensed banker (also known as referral-only registered representative) who possesses active securities and/or insurance licenses with U.S. Bancorp Investments. As a result, FAs and other employees have an incentive to recommend certain products over others and to recommend a high volume of investment product purchases.

FAs and other UBIS employees can receive bonuses and other compensation from the referrals to and recommendations of investment advisory programs offered by U.S. Bank and its affiliates, as well as referrals to third-party investment managers. U.S. Bank may pay its employees and employees of its affiliates, such as UBIS, referral compensation when clients they refer to the Bank establish an account, relationship or service. FAs may also receive increased compensation when providing services to an investment advisory program as opposed to a brokerage/insurance relationship. Therefore, FAs and other employees may have a conflict of interest when recommending certain investment services to you.

U.S. Bank managed accounts are similar to UBIS managed accounts, except that the manager is U.S. Bank. U.S. Bank offers managed accounts as part of its Personal Trust business investment management services. In some cases, the accounts may be created as trust accounts, in which the Bank holds assets as trustee for the client, or they may be managed accounts in which the Bank acts as custodian. In both cases, U.S. Bank serves as the investment manager for the client. In those cases in which U.S. Bank acts as custodian but not trustee, the Bank sometimes refers to these accounts internally as "agency accounts." Incentive compensation may be greater for serving as primary relationship manager and recommending U.S. Bank managed accounts rather than a UBIS managed account.

Certain management personnel, such as Regional Sales Managers, receive compensation that is based in part on the revenue produced by FAs and other UBIS employees over which they have authority. To the extent that management personnel use their influence over FAs and other employees in order to drive increased revenue, a conflict of interest may arise.

**Conflicts with Multi-Share Class Structures:** UBIS does not solicit or recommend any share class other than A shares for its clients. While a client can continue to purchase other share classes besides A shares, the transaction would be conducted on an unsolicited basis. In addition, UBIS and its FAs do not solicit equity (such as common stock and exchange-traded funds) positions for its clients. As discussed above, a client can transact these securities on an unsolicited basis.

**How We Mitigate Potential Conflicts of Interest:** One of the primary ways that UBIS mitigates or eliminates conflicts of interest, either identified or perceived, is to identify the interests of our clients by conducting suitability analyses and asking our clients to identify the elements of their investor profile which include, but are not limited to, their investment objectives, risk tolerance, time horizon, knowledge of various investment products and strategies, and financial needs. In doing so, our FAs can present, for the client's review and consideration, investment products and strategies that are more closely aligned to the investor profile and which are in their best interest.

As previously disclosed, UBIS strives to mitigate conflicts related to compensation, portfolio management, insurance products, and affiliate relationships by identifying known conflicts and providing investor disclosure. We are diligent through various supervision activities to ensure that we are first and foremost serving the interests of our clients over the interests of another client, interests of UBIS, or interests of its affiliates. We serve each client individually based upon their unique investor profile and needs, and we act in the client's best interest.

The Bank has implemented a Code of Conduct throughout the Bank and its affiliates, and each affiliate, based upon its unique business practices and services, has implemented the Bank's Code of Ethics and Business Conduct that demand the highest level of conduct from all associates.

As in most financial institutions today, the practice of cross-selling products and services to a single client is a common occurrence. Clients demand a multitude of products and services from one institution and value the convenience and affordability of the products and services that are made available. This investor convenience serves as a primary conflict of interest as more and more institutions diversify their product offerings and their associated salespersons offer diversified products in multiple capacities—i.e., stockbroker (commissions), investment adviser (fees), and licensed life agent (commissions), to name a few.

**Limitations on Our Investment Recommendations:** UBIS and its FAs offer and recommend investment products only from investment sponsors with which UBIS has entered into selling and distribution agreements. Other firms, including our affiliate U.S. Bancorp Investments, Inc., may offer products and services not available through UBIS, or the same or similar investment products and services at a higher or lower cost. The scope of products and services offered by our FAs may also be more limited than generally available through UBIS, based on their securities registration, insurance licensing, training or branch office policy restrictions. You may ask a UBIS FA about the securities or services he or she is registered, licensed, or qualified to sell, and their ability to service investments transferring to UBIS from another firm. UBIS and its FAs do not offer recommendations on general

securities like common stock or ETFs, although clients may execute those or direct us to purchase or sell such securities on an unsolicited basis. In addition, UBIS and its FAs are limited to recommending only class A shares of mutual funds.

We encourage you to be informed, stay informed, and ask questions regarding the products and services you own, or are thinking of buying or selling. It is our purpose to ensure you are being treated fairly and ethically, are paying a fair price for the products and services you purchase or sell, and receive information that is easy to understand. Ask your FA or visit [www.usbank.com/unionbanc-investment-services](http://www.usbank.com/unionbanc-investment-services).

**Payments by Product Sponsors Disclosure Statement:** As applicable to our brokerage business, UBIS and its FAs are compensated in different ways when you purchase or sell a mutual fund or an annuity contract or unit investment trust ("UIT") depending on the type of investment involved, amount invested, and share class purchased. Most mutual funds and UITs require that you pay a sales commission plus an annual fee associated with operating the mutual fund/UIT. These expenses affect the return on your investment. UBIS utilizes a single uniform method to calculate commission compensation to its FAs for sales of all mutual funds/UITs and variable annuity contracts. This method is the same regardless of which mutual fund, UIT or annuity contract you purchase, and does not provide the FAs additional incentives to sell any particular mutual fund or annuity.

We want you to also know that, because there are thousands of mutual funds, it is not possible for UBIS to evaluate and monitor all on an ongoing basis. As such, UBIS maintains a limited relationship with a select group of mutual funds, UITs, and annuity companies. In addition, UBIS and its FAs do not recommend no-load mutual funds directly to our clients within our brokerage platform and only recommend A share mutual funds. However, clients may purchase no-load mutual funds or other mutual fund share classes or ETFs on an unsolicited basis within their brokerage account.

Companies UBIS works with reflect a variety of performance and styles in a broad spectrum of investment products and services. UBIS has chosen to work with these companies because of the array of investment products and services these companies offer to address the varied needs of our client base, and because of their size, marketing and operational sophistication, and history of investing and performance statistics. These relationships bring additional compensation to UBIS and our FAs as well as providing access to these companies to work with our FAs, which provides the FAs additional training, educational presentations, and other support so that they can ultimately work more effectively with and for you.

UBIS may receive cash payments of up to 0.30 percent (30 basis points) of the total purchase amount from sponsors of mutual funds, UIT and annuity contracts that UBIS has placed on its product sponsor list for its brokers to recommend to clients. UBIS negotiated these payments from these product sponsors in order to defray the costs of promotional and marketing activities. These revenue-sharing payments are in addition to other payments such as commissions, 12b-1 fees, and shareholder servicing fees. (Information about a mutual fund's, UIT's, or variable annuity's fees and expenses may be found in the fee table located in the product prospectus.) These revenue-sharing payments are not made directly by the client, but are paid by a fund's distributor, investment adviser, or other related entity. UBIS evaluates sponsors and their investment products for inclusion on the product sponsor list using criteria that include investment performance and style, wholesaling, marketing and operational support, and amount of assets under management. UBIS does not consider the receipt of fund portfolio brokerage commissions as a factor in the selection of product sponsors. Also, UBIS does not receive directed brokerage compensation or offer any differential cash compensation from any fund, UIT, or annuity company.

For a current list of the mutual fund and annuity sponsors that UBIS includes on its product list, please visit [usbank.com/unionbanc-investment-services/terms](http://usbank.com/unionbanc-investment-services/terms), contact your UBIS FA, or call us at 800-634-1100.

UBIS also earns a small percentage of its revenue from NFS, such as Margin Debit Interest, Free Credit Interest, and Annual Net Flows Growth Incentive Credits. The revenue received is not passed on to FAs or other UBIS sales personnel.

UBIS and its affiliates have an economic interest in facilitating the purchase or retention of additional services for its clients to the extent that its clients may have an additional need for the products and/or services that are available from UBIS or its affiliates. UBIS or its affiliates will receive commissions or other types of remuneration for those products and/or services. Please know that comparable products and/or services recommended by UBIS or its affiliates may be available at higher or lower fees from other independent service providers that are not affiliated with UBIS.

### **Risk Disclosure**

While we take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that the recommended investment and/or strategy will perform as anticipated. Clients should consult the product offering documents, prospectuses, and/or product disclosure documents for additional discussion of risks associated with a particular product.

### **Closing Statement**

As always, feel free to contact your financial adviser if you have any questions or concerns with respect to your UBIS brokerage or investment advisory account. Everyone within UnionBanc Investment Services works hard to earn the trust you have placed in us, and we value and appreciate your business.

