Tax Efficient Management Overlay Services

Clients can elect tax efficient management overlay services ("TEM Overlay Services") for a taxable Account with a Growth-Focused Goal enrolled in the Merrill Guided Investing program or Merrill Guided Investing with Advisor program (each, the Program). TEM Overlay Services only apply to eligible securities within the Program Account for which it was selected. The Program Account's investment strategy determines the eligible TEM Overlay Services for the Program Account and for certain investment strategies, these are dynamic tax loss harvesting (described below) and tax efficient rebalancing. Please also see the term sheet for tax efficient rebalancing.

Dynamic Tax Loss Harvesting Term Sheet

Dynamic Tax Loss Harvesting (DTLH) is a TEM Overlay Service that seeks to harvest losses in an eligible strategy for a Program Account. The goal of DTLH is to increase the after-tax value of investments in a Program Account by systematically analyzing eligible Program Account holdings on a regular basis and opportunistically harvesting losses within the applicable Total Return Strategy.

Key terms of the DTLH service

Fee: There is no additional fee for DTLH.

Eligibility: Taxable accounts must be enrolled in the Program with a Growth-Focused Goal and an eligible strategy that consists primarily of exchange traded funds (ETFs).

Frequency: DTLH is applied on an ongoing basis based on a rules-based approach that incorporates information about real-time changes in the underlying security prices and market conditions, including the volatility of holdings.

Approach to harvesting losses: Not all losses may be realized due to wash sale considerations, security eligibility, and client-imposed and other restrictions.

Treatment of proceeds from loss harvesting action: Proceeds are invested in one or more replacement ETFs with the goal of maintaining the applicable Total Return Strategy's asset allocation and risk profile.

Replacement ETFs are held in the Program Account until additional losses can be harvested or other events occur, after which proceeds may be re-invested in the ETF selected for the applicable investment strategy.

Wash sale protection: Program account level wash sale protection will be applied to securities harvested for a loss.

Treatment of newly invested funds: If you add funds to your Program Account within 30 days of a loss being realized, the contribution will be invested proportionally across the holdings of the applicable Total Return Strategy and any replacement securities, subject to internal rules and implementation practices.

DTLH may not protect against the disallowance of losses under the wash sale rules.

DTLH will only apply to eligible securities within the Program Account for which it was selected and will only take into consideration the investment and trading activity that occurs in that Program Account. It will not take into consideration securities held in other Program Accounts or other accounts at Merrill or other firms.

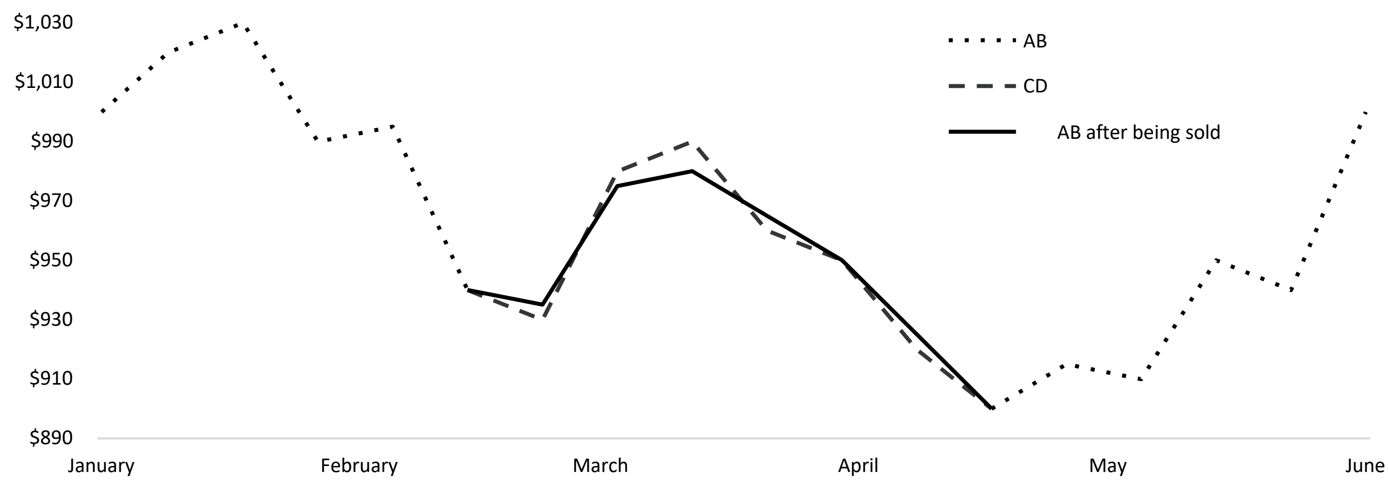
The risks and limitations of TEM Overlay Services, including DTLH, are discussed in more detail in the Program Brochure in the sections "Item 4. – Tax Matters" and "Item 6. - Particular Risks Regarding the TEM Overlay Services".

You should consult your tax and/or legal advisor prior to enrolling in any TEM Overlay Service, as well as on an ongoing basis to determine whether the wash sale rules, the straddle rules, or other special tax rules could apply to investment and trading activity for you.

An example of Dynamic Tax Loss Harvesting for illustrative purposes only

To demonstrate how DTLH works, consider a Program Account with a position that has losses that can be harvested. Assumptions for this example:

- In January, ETF “AB” has a value of $1,000 and is invested in only one tax lot.
- In February, “AB” declines in value to $940, which meets the quantitative loss threshold in DTLH. “AB” is sold to harvest the loss and a replacement security, “CD,” is purchased.
- In April, “CD” declines in value to $900, which meets the quantitative loss threshold in DTLH and triggers another loss harvesting event, and “AB” is bought back.



For illustration only.

Additional resources

- Guide to Tax Efficient Management Offerings
- Merrill Guided Investing Program Brochure
- Merrill Guided Investing with Advisor Program Brochure