

SPA Investment Manager Strategy Step Out Information Document

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”, “we” or “us”) offers clients the opportunity to select investment styles / disciplines (“strategies”) offered by third-party investment managers through the Merrill Lynch Strategic Portfolio Advisor® Service (“SPA”). A third-party investment manager (an “Investment Manager”) executes trades on behalf of SPA clients. Investment Managers generally have the authority to trade all or a portion of their trades through a broker, dealer or bank other than Merrill or its affiliates (an “Unaffiliated Investment Firm”). This document provides information to clients about Investment Managers whose strategies are included on the SPA Current Coverage List (or are not included on that list but are subject to the CIO Review Process described in the SPA Form ADV, Part 2 brochure (“SPA Brochure”)¹ and that have informed us that they have, either regularly or on a limited basis, traded through Unaffiliated Investment Firms during the time period noted below. This practice is known as “trading away”, and such trades by Investment Managers with Unaffiliated Investment Firms are commonly referred to as “step out” trades.

Trading-Away and Step-Out Trades

Certain Investment Managers have historically executed all or a portion of their trades as “step outs”. Frequently, these trades have been for fixed-income or other securities for which trading-related charges and costs (e.g., markup/downs, dealer spreads) are charged by the executing broker-dealer. These trading-related charges and costs are included in the net price of the security and are charges and costs that are in addition to your SPA Fee. You, rather than us or the Investment Manager, will bear the cost of these trading-related charges and costs. In addition, these trading-related charges and costs will not be reflected as separate charges on your trade confirmations or account statements. We will undertake, at your written request, to obtain the amount of this remuneration for a given transaction in your account.

For foreign ordinary security transactions executed outside the United States, we may use the services of a foreign Unaffiliated Investment Firm (or its affiliate). The foreign Unaffiliated Investment Firm (or its affiliate) will handle the order and will assess trading-related charges and costs (i.e., commissions, mark-up/downs, dealer spreads and other fees and charges) and, to the extent a foreign currency conversion transaction is required, it will be remunerated in the form of a dealer spread or a mark-up/down. These trading-related and currency conversion-related charges and costs are included in the net price of the security and are charges and costs that are in addition to the client's SPA Fee. Clients should understand that they, rather than us or the Investment Manager, will bear the cost of these trading-related charges and costs. In addition, these trading-related charges and costs will not be reflected as separate charges on the client's trade confirmations or account statements. We will undertake, at the client's written request, to obtain the amount of this remuneration for a given transaction in the client's account. For additional information related to trading-related charges and costs, please review the SPA brochure.

Information on Trading Away in SPA

Below is a list of the Investment Managers whose strategies are included on the SPA Current Coverage List (or are not included on that list but are subject to the CIO Review Process described in the SPA Brochure)* and who have informed us that they exercised their full or limited discretion to execute trades for SPA accounts through an Unaffiliated Investment Firm in the 2023 calendar year. The information provided below is based solely on information that has been provided to us by the Investment Managers. We have not independently verified such information. An Investment Manager's past trading away practices is not a guarantee that such Investment Manager will continue to follow the same practices in the future. It is possible that an Investment Manager that did not trade away from Merrill during the below time period (and therefore is not listed) may have performed step out trades after such time period and/or may perform step out trades in the future or that the Investment Managers for the strategies listed below, may perform step out trades more or less frequently than indicated during the below time period. Therefore, the fees or additional expenses associated with trades placed by an Investment Manager and executed by an Unaffiliated Investment Firm in the future may be greater than or less than during previous periods. Clients should contact their Investment Manager to obtain additional information about their trading practices. Please also review the Investment Manager's Form ADV, Part 2A brochure which contains more detailed information about the Investment Manager's brokerage practices before selecting a strategy offered by an Investment Manager.

¹ It is possible that an Investment Manager strategy is removed or added to the SPA Current Coverage List (or the CIO Review Process), but this document speaks only as of its date

SPA Investment Manager strategy	Dollar weighted percentage of step out trades for Style Manager strategy performed in 2022	Additional cost incurred by clients participating in step out trades
Abner Herrman & Brock Balanced	45%	None
Barrow Hanley Core Fixed (C)	100%	None
Blackrock LDI (C)	100%	None
Blackrock LDI with ETFs (C)	Fixed Income: 100% Equity: 0%	None
Blackrock Short Duration (C)	100%	None
Blackrock Ultra Short Term (C)	100%	None
Breckinridge Intermediate Municipal (C)	96%	None
Breckinridge Intermediate Sustain (C)	95%	None
Dolan McEniry Credit (C)	100%	None
JPMorgan Core Bond (C)	100%	None
Loomis Sayles Municipal	100%	None
Merganser Short Term Bond (C)	100%	None
Mackay Municipal Bond (C)	100%	None
Nuveen - Core Fixed Income (C)	100%	None
Nuveen Custom Laddered Municipal Bond (C)	99%	1-10 BPS ²
Parametric Tax Managed US Index (C)	<1%	\$0.005 cents per share (CPS)
Parametric Corporate Ladder Custom	100%	None
Parametric TABS Municipal Ladder Custom (C)	100%	None
PIMCO Custom Municipal Bond Ladder (C)	100%	None
PIMCO Customized Corporate Ladder	100%	None
Select Equity Small-Mid Cap	97%	\$0.017 cents per share (CPS)
Weaver Barksdale Core Aggregate Controlled Risk (C)	92%	None
Wedge Core Aggregate (C)	100%	None
Western Asset Taxable Fi (C)	100%	None

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² BPS - Basis Points where one basis point equals 1/100th of 1%, or 0.01%"