

SPA Uncovered Investment Manager Strategy Step Out Information Document

In the Merrill Lynch Strategic Portfolio Advisor[®] Service (“SPA”) offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”, “we” or “us”), clients select strategies offered by third-party investment managers (“Investment Managers”) retained by the client outside of SPA manager identification services or that are not on the SPA Current Coverage List or available in the Merrill Lynch Investment Advisory Program (such managers, “Uncovered Investment Managers”, and such strategies “Uncovered Investment Manager Strategies”). 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 Uncovered Investment Managers that, with respect to the time period noted below, have: (a) informed us that they have, either regularly or on a limited basis, traded through Unaffiliated Investment Firms; or (b) not provided us with any information about whether or not they have traded through Unaffiliated Investment Firms. 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.

We make no representation concerning Uncovered Investment Manager Strategies. We do not provide due diligence with respect to Uncovered Investment Manager Strategies. Similarly, we make no independent determination that any Uncovered Investment Manager or its management philosophy are compatible with your investment objectives.

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., mark-up/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 the client’s SPA Fee.

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-ups/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 your 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 are two charts.* Chart #1 lists Uncovered Investment Manager Strategies for which the relevant Investment Manager informed us that it exercised its full or limited discretion to execute trades for SPA accounts through an Unaffiliated Investment Firm in the 2020 calendar year. Chart #2 lists Uncovered Investment Managers that did not provide us with any information about whether or not they executed trades for SPA accounts through an Unaffiliated Investment Firm in the 2020 calendar year. Therefore, if your Investment Manager/Strategy is not listed in either Chart #1 or Chart #2, this means that that it informed us that it did not execute step out trades for SPA accounts during the below time period.

The information provided in Chart #1 is based solely on information that has been provided to us by the Uncovered Investment Managers at their discretion. We have not independently verified such information. An Investment Manager’s past trading away practices are not a guarantee that such Investment Manager will continue to follow the same practices in the future. It is possible that an Uncovered Investment Manager that informed us that it did not trade away from Merrill for the below time period (and therefore is not listed) may have performed step out trades after such time period, 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. Note that if your Investment Manager is listed in Chart #2 below, it is unknown whether or not they performed step out trades for SPA accounts during the below time period. Whether your Investment Manager/Strategy is listed in Chart #1, Chart #2 or not at all, as stated above, past practices are not a guarantee of future practices. 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.

* This document only includes the information described for Uncovered Investment Manager Strategies that had SPA accounts enrolled in them as of 1/1/2021

Chart #1: Uncovered Investment Manager Strategy Step Outs

SPA Investment Manager Strategy	Dollar weighted percentage of step out trades for Uncovered Investment Manager Strategy performed in 2020	Additional cost incurred by clients participating in step out trades
ALLIANCEBERNSTEINREG FIX (R)	49.30%	None
APPLETON PARTNERS - BALANCED (W)	42.00%	None
APPLETON PARTNERS_MUNI (R)	100%	None
Bel Air US Equities	100%	\$0.005 per share \$9.00 ticket/service charge
Brandes Emerging Markets Equity Portfolio	33.61%	16.86 BPS, 1.16 CPS
Brandes Global Equity Portfolio	34.08%	14.81 BPS
Brandes Global Mid Cap Portfolio	4.14%	12.08 BPS, 2 CPS
Brandes International Equity Portfolio	43.90%	14.18 BPS, 1.52 CPS
Brandes U.S. Value Equity Portfolio	2.63%	2 CPS
BRECKINRIDGE CORE - TAX FIXED (W)	100%	None
Calamos Intermediate Bond Tax Efficient Insurance (SPA)	100%	None
Calamos U.S. Opportunities (SPA)	42%	None
CLEARBRIDGE MULTICAP GR(SPA) (R)	26.73%	1.79 CPS
Credit Suisse Intermediate Tax - Advantage Fixed Income	100%	None
Dave Murray/ Nancy Walthall	70%	None
DELAWARE CAPITAL MGMT - LCV	24.51%	\$0.01-\$0.02 per share
EAGLE ASSET MGT_FIXED INCOME (W)	100%	None
Eaton Vance Intermediate Investment Grade Core Bond	100%	None
EATON VANCE TABS - FI MUNI	100%	None
EATON VANCE TABS MLTINT_MTY	100%	None
Gardner Russo & Gardner GL VAL	100% Domestic, 0% Foreign	5 CPS Domestic
JP MORGAN- FIXED INCOME (W)	100%	None
MACKAY SHIELDS - MUNI INT DUR	100%	None
MACKAY SHIELDS LONG TERM MUNI (W)	100%	None
Madison Intermediate Corporate Bond - SPA	100%	None
National Municipal Fixed Income	100%	None
NEUBERGER BERMAN CORE FIXED	100%	None
NEUBERGER BERMAN MUNI (W)	100%	None
NUVEEN ASSET MGT_MUNI	100%	None
PARAMETRIC - GLOBAL CORE (W)	0-1%	0-5 BPS
PARAMETRIC - GLOBAL EQUITY (W)	0-1%	0-5 BPS
PARAMETRIC PORTFOLIO_LCC	0-1%	0-5 BPS
SCHAFFER CULLEN HIGH DIV VALUE (R)	1.86%	None
Wedge Cap Mgmt-Short Term Bond (W)	100.00%	None
WEDGE CAPITAL MGMT -BALANCED (W)	100% FI/0%Equity	None
Wellesley Convertibles	83%	None
Westfield Small/Mid Cap Growth Equity	98.50%	None

CPS - Cents Per Share

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

Chart #2: Investment Managers that did NOT provide Step Out Information for 2020 calendar year

SPA Investment Manager