

# Merrill Guided Investing with Advisor

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## Wrap fee program brochure

Please retain for your records

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This Brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and Managed Account Advisors LLC (“MAA”) relating to Merrill Guided Investing with Advisor (the “Program”), an investment advisory program with digital access and support of an advisor.

Information about the Program, including a copy of this Brochure, can be accessed at [ml.com/guided-investing-program-brochure](https://ml.com/guided-investing-program-brochure). Additional information about MAA and MLPF&S also is available on the SEC’s website at [adviserinfo.sec.gov/IAPD](https://adviserinfo.sec.gov/IAPD). If you have any questions about the contents of this Brochure, please contact us at 888.654.6837.

Please note that the information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

The investment advisory services described in this Brochure are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency, are not a deposit or other obligation of or guaranteed by MLPF&S, MAA or Bank of America Corporation (BofA Corp.) or any of their affiliates and are subject to investment risks, including possible loss of principal.

March 21, 2022


Merrill Edge, available through Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), consists of Merrill Edge Advisory Center (investment guidance) and self-directed online investing.

MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of Bank of America Corporation.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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## Item 2. Material Changes

On March 22, 2021, MLPF&S and MAA each filed its last annual update to its Merrill Guided Investing with Advisor program brochure (“Brochure”). This summary of material changes is designed to make clients aware of information that has changed since the Brochure’s last annual update and that may be important to them. The enhancements summarized below were also incorporated within this Brochure.

### **MATERIAL CHANGES TO THE BROCHURE MADE AS PART OF THIS ANNUAL UPDATE**

There were no material changes made as part of this annual update.

### **ENHANCED DISCLOSURES MADE AS PART OF THIS ANNUAL UPDATE**

As part of this annual update, we have made enhancements to the disclosures about the Program, its Services and other information throughout the Brochure, including the following:

**Merrill Financial Solutions Advisors and their Role in the Program.** We have enhanced disclosures throughout the Brochure to delineate the role of those Merrill representatives who we have designated as “Merrill Financial Solutions Advisors” (“MFSAs”) and their ability to offer the Program to clients. In this Brochure, Financial Solutions Advisors and MFSAs are collectively referred to as “Program Advisors” except where otherwise indicated.

**Sub-Accounting Services.** The description of the fees paid to us in connection with providing sub-accounting services has been updated to reflect a change in the fees we charge for such services, which were reduced. See Item 9 at the section “Compensation, Conflicts of Interest and Material Relationships.”

**Investment Risks.** Item 6 has been updated to include enhanced disclosures regarding certain investment risks, including, but not limited to, COVID-19, ESG investment strategies, and LIBOR transition to other reference indices. See Item 6 at the section “Investment Strategies and Risk of Loss.”

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# Merrill Guided Investing with Advisor

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### About Us and the Program

Both Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and its Affiliate, Managed Account Advisors LLC (“MAA”), offer investment advisory services under the Merrill Guided Investing with Advisor program (“Program”) as discussed in this Form ADV brochure (“Brochure”). Both MLPF&S and MAA are registered with the U.S. Securities and Exchange Commission (“SEC”) as investment advisers and MLPF&S is registered as a broker dealer. Our parent company, Bank of America Corporation (“BofA Corp.”), through Bank of America, N.A. (“BANA”) and other of its Affiliates, provides integrated investment services and is a leading banking institution for consumers, corporations and institutions.

When we use the terms “Merrill”, “we”, “our” or “us” in this Brochure, we are generally referring to MLPF&S. In certain aspects of the Program, MLPF&S and MAA perform certain of the Program services jointly and therefore certain of the statements and disclosures referencing “Merrill”, “we”, “our” or “us” also apply to both MLPF&S and MAA. We also indicate where certain services are provided by MAA in its separate capacity. “You” or “your” means each account owner or account holder, or fiduciary acting on behalf of an account owner or account holder (e.g., trustee for a trust or custodian for an UTMA). All capitalized terms are defined in the body of this Brochure and/or in the Glossary.

This Brochure describes the advisory services that we provide, the fees you will pay, our role and that of our personnel, our other business activities and financial industry affiliations and the economic and other benefits and arrangements we have that create conflicts of interest in certain situations.

**Our Services as an Investment Adviser and Relationship with You under the Program.** The Program is designed to help you pursue your investment goals by providing you with investment advice, guidance and access to advisory services and investment solutions and other services as described in this Brochure and delivered through the Program’s interactive website at [merrilledge.com/guided-investing](https://merrilledge.com/guided-investing) (the “Program Website”) and our representatives.

As our client, depending on how you want to work with us, you can choose to work with:

- a team of Merrill representatives who have the title or designation “Financial Solutions Advisor” (“FSA”) and who are available to you through our call and wealth management centers or
- a dedicated Merrill representative you select with the title or designation “Merrill Financial Solutions Advisor” (“MFSA”).

In this Brochure, the term “Program Advisor” refers to an FSA and an MFSA except where otherwise indicated. Your Program Advisor is required to provide you with a disclosure document called the “Form ADV Part 2B – Brochure Supplement,” which describes information about the Program Advisor and the role and the services the Program Advisor can provide, among other things. By accessing the Program Website, you work with our interactive profiling and goal setting process (the “Online Profiling Process”) and a Program Advisor to establish your goal and objective and select an aligned investment strategy available in the Program and receive the other services described in this Brochure (“Services”).

Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. Our relationship, legal duties and capacities to you under federal securities laws are subject to a number of important differences which are described in our Client Relationship Summary on Form CRS (“Form CRS”) and in the “Summary of Programs and Services.” Both of these documents are available at [merrilledge.com/relationships](https://merrilledge.com/relationships) or upon request.

We offer other investment advisory programs. You can also review a general description of these programs in the Form CRS and in the “Summary of Programs and Services” at [merrilledge.com/relationships](https://merrilledge.com/relationships). Our investment advisory programs, Merrill Guided Investing (“MGI”), Merrill Edge Advisory Account Program (“MEAA”) and Merrill Lynch Investment Advisory Program (“IAP”), provide access to certain investment strategies that are the same as or similar to those offered in the Program but have different services and/or fees. Please refer to Item 4 at the section “Ability to Obtain Certain Services Separately and for Different Fees.”

Both Merrill and MAA provide services under the Program in their capacity as a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). To obtain the Program services, you will enter into a written agreement with us (the “Agreement”) that expressly acknowledges our investment advisory relationship with you and describes our obligations to you under the Program. The Agreement will cover the Merrill brokerage account that is enrolled in the Program (“Account”). The scope of our investment advisory relationship is defined in the Agreement. Termination of your Agreement will end that investment advisory fiduciary relationship and will cause your Account to be converted to a brokerage account.

**Under the Program, we are a fiduciary to you.** Merrill and MAA each have certain fiduciary obligations in providing services under the Program. As a fiduciary, we will act in your best interest and will endeavor to ensure that you are informed about and have access to

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material facts and information relating to the Program services. The Brochure is a key element in meeting our disclosure obligations as a fiduciary.

The fiduciary standards we aim to follow are established under the Advisers Act and, where applicable, state laws. In addition, for Retirement Accounts, we provide these Program services as a “fiduciary” under Section 3(21) of the Employee Retirement Income Security Act of 1974 (“ERISA”) and under the Internal Revenue Code of 1986 (the “Code”). For Retirement Accounts subject to ERISA, we provide the relevant Services as an “investment manager” under Section 3(38) of ERISA.

Generally, the Program is designed for clients who are comfortable with online access and with the investment choice of a limited set of investment strategies complementary to their investment profile. The Program is generally not for clients who have more complex needs, desire access to a larger offering of investment solutions and strategies or have a preference for frequent in-person interactions with a dedicated advisor. The Program is substantially similar to the MEAA program, which provides enrolled clients with the ability to work with a Program Advisor.

### Overview of the Program

For your accounts enrolled in the Program (each an “Account”), we will provide you with personalized investment advice and guidance, investment solutions and other financial services described in this Brochure (“Services”). The Services include:

- Use of the Online Profiling Process, an interactive profiling process on the Program Website that assists in gathering your information.
- Advice and guidance from a Program Advisor and through interaction with the Program Website and its tools and applications.
- Access to a select number of Strategies constructed and implemented by our investment professionals that are designed to align with the target asset allocation for your Account.
- Ability to set a Goal Target and use a goal tracking tool on the Program Website.
- On-going monitoring of the assets in your Account for alignment with the Strategy’s allocation profile as part of our advice and guidance.

You will receive these and other investment services delivered through MLPF&S and MAA. There is a minimum asset requirement of \$20,000 to enroll into the Program. We may waive this minimum at our discretion.

We charge the Program Fee of 0.85% for the Services. The Program Fee per Account you pay is expressed as an annual rate that is prorated for the monthly billing period and is applied to the asset value of the Account - generally the market value of the securities and cash in your Account. We disclose more detailed information about the fees you pay, what your Program Fee does not cover and the compensation we receive in this Brochure. Please review the section entitled “Program Fee and Other Charges” carefully.

The Program Fee that you pay covers the following investment advisory services:

- Investment advice and guidance services of your Program Advisor and those Program services delivered through us.
- Access to our investment strategies through the Program.
- Certain incidental services provided by us through the Program, such as trade execution, custody, performance reporting and related account services.

We will execute any transactions in your Account in accordance with our best execution obligations. We supervise the services our Program Advisors and other personnel provide in accordance with our obligations under the Agreement, our Program guidelines that we establish from time to time and the ethical standards we require.

There are certain material relationships and conflicts of interest discussed in this Brochure, including in Item 9 at “Compensation, Conflicts of Interest and Material Relationships” and at “Participation or Interest in Client Transactions and Conflicts of Interest.” Please review these sections carefully before you make a decision to enroll an Account in the Program. Details of the Program are provided throughout this Brochure.

## Item 4. Services, Fees and Compensation

### General

The Program is designed to help you pursue your investment goals by providing you with the Program Services delivered through the Program Website and a Program Advisor. Before investing through the Program, please read the description of our Services and the other information in this Brochure. You may contact us at 888.654.6837 if you have any questions.

To take advantage of the Services available through the Program, you must first enter into the Agreement. The Agreement will cover the account that you enroll in the Program (“Account”). In the Agreement, we agree to act as your investment adviser and agent to provide the Services described in this Brochure and you grant to us the investment discretion and trading authority necessary to deliver the Services you select, and agree to the terms and conditions of the Program. After you are enrolled in the Program, you may be able to select or change certain Services with instructions to us; however, in certain circumstances we may ask you to sign a separate Agreement or complete additional documentation.

### Electronic Accessibility Requirement

The Program provides you with the Services described in this Brochure electronically through use of the Program Website. In order to enroll in the Program, you must agree during the online account enrollment process to the electronic delivery of documents and information relating to the Program and your Account. You will be required to sign the Agreement and any other agreements necessary to participate in the Program electronically. The Agreement, brochures, supplements, profiles and other disclosures, notices and documents will be delivered to you in electronic format only. We will not send you paper versions of documents as part of the Program unless required by applicable law or in our sole discretion.

You are solely responsible for user activity that occurs in your Account and the information provided to us through the Program Website. You are also responsible for maintaining the security and confidentiality of your Account access information. You must notify us immediately if you believe your Account has been accessed in an unauthorized manner or the security and confidentiality of your access information have been compromised.

You must provide us with a valid email address as a requirement of Program enrollment and will also be notified via the email address you provided to us when documents are available for viewing in the “Statements and Documents” section of the Program Website. You have an obligation to maintain an accurate and up-to-date email address and to ensure that you have the ability to read, download, print and retain electronic documents. To notify us of any changes to your email address, please update your information via the Program Website or call us at 888.654.6837.

Failure to provide accurate contact information could result in

termination from the Program. If you are unable or unwilling to accept electronic delivery, your enrollment in the Program may be terminated. For additional details related to electronic communications, please refer to the eCommunications Disclosure in the enrollment documents for the Account available on the Program Website.

### Advice and Guidance Services

The Program is designed to help you pursue your investment goals by providing you with investment advice, guidance and access to a select set of investment strategies (“Strategies”) delivered through the Program’s Website and our Program Advisors.

**Profiling and Creating a Target Asset Allocation.** The Program Website contains the Online Profiling Process that will help you establish a goal and select a recommended target asset allocation described below for your Account. Through the Online Profiling Process, you will be asked to provide us with certain information about your objectives and goals for your Account.

It is your responsibility to ensure that the information you provide to us is complete and accurate. When you provide accurate and complete information, we will be better able to make suitable recommendations for your Account assets. It is also your responsibility to notify us if any information you have provided to us about you is inaccurate or becomes inaccurate. If there are multiple owners on this Account, the information you provide should reflect the views and circumstances of all owners or the beneficiaries on the Account. If you are the fiduciary of this Account for the benefit of the account owner or account holder (e.g., the trustee for a trust or custodian for an UTMA), please keep in mind that these assets will be invested for the benefit of the such account owner or account holder. If you have changes to the information you provided to us through the Online Profiling Process or to a Program Advisor, you should contact a Program Advisor.

The Program incorporates only the financial information you provide, and our investment recommendations are limited to and based only on certain information you provide through the Program Website or to a Program Advisor. We will not independently verify the information you provide through the Program Website and we will not consider other information obtained in connection with another account or relationship with Merrill or its Affiliates other than as described in this Brochure and the Agreement. If you believe there is additional financial information that should be considered to inform the investment recommendations made through the Program, please inform the Program Advisor.

**Recommending a Target Asset Allocation.** Based on information you provide through the Online Profiling Process and by working with a Program Advisor, we will recommend an appropriate target asset allocation (the “Target Asset Allocation”) for each of your goals. Each Account will be tied to a single goal. When you enroll in the Program and select a goal for an Account, the Account will be managed according to the Strategy that you will select for that goal.



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The Target Asset Allocation will be determined based on responses and information you provide for your goal, including the **risk tolerance** for the Account assets (*i.e.*, your willingness and ability to incur financial loss for the assets in your Account in exchange for greater potential returns) and the **time horizon** (determined by how long you expect to invest for your goal). For a retirement goal, the time horizon is based on a combination of your stated retirement age and how long you intend to use the assets in your Account after retirement.

You also have the option, at your election, through the Online Profiling Process or the Program Website, to state a target goal dollar amount (the “Goal Target”) for the goal aligned with your Account. If you provide a Goal Target, this information will be used in addition to your other information (such as your risk tolerance and time horizon) to recommend a Target Asset Allocation and the aligned Strategy. Depending on the amount of the Goal Target, the recommended Target Asset Allocation and Strategy may be different than the one recommended when no Goal Target is provided.

The identification of a Goal Target does not constitute a guarantee by us or a Program Advisor of the future value of the Account or any specific level of performance or rate of return for the Account or any Target Asset Allocation or Strategy that we or a Program Advisor may recommend or undertake on your behalf. There is no guarantee that you will achieve your Goal Target.

If stating a Goal Target, you have the option to align certain other assets not held in your Account (“External Assets”) to your Goal Target for the Account. You can link External Assets maintained in accounts with us or our Affiliates that we determine to be eligible in our sole discretion (“Linked accounts”). You can also enter information about External Assets maintained in accounts at Unaffiliated Investment Firms (“External accounts”). Not all accounts with External Assets are appropriate for you to align to your Goal Target for the Account. Please see the [Program Website](#) for additional information.

If you choose to align External Assets to an Account’s Goal Target, Merrill will provide advice and manage your Account based, in part, on information available or provided for the dollar value balance and asset allocation of these External Assets. Aligning External Assets to your Account’s goal and Goal Target may produce a different Target Asset Allocation recommendation than if they had not been so aligned. We are not an investment adviser with respect to External Assets and do not advise on External Assets.

For Linked accounts, we will periodically review the dollar value balance and asset allocation. For External accounts, it is your responsibility to keep the External Asset information you align to a Goal Target updated. It is important for you initially and on an ongoing basis to update the dollar value balance and to classify the External Assets in External accounts into the appropriate asset class. If the External Asset is not accurate and complete, the recommended Target Asset Allocation and Strategy for your Account will be affected. In certain circumstances, you will be contacted to consider how changes to External Asset information might impact the strategy for your Account.

In general, the Target Asset Allocation categories, which have associated asset class allocation ranges, are:

- Conservative
- Moderately Conservative
- Moderate
- Moderately Aggressive
- Aggressive

A description of each of these categories is in the Glossary under the term “Target Asset Allocation.”

We will use your Target Asset Allocation, along with certain other information provided by you through the Online Profiling Process, to assist in recommending a Strategy for your Account. We make available in the Program a select set of Strategies that are managed by us that consist of diversified portfolios of exchange traded funds (“ETFs”), mutual funds and a cash allocation that are designed to meet a particular Target Asset Allocation. The Strategy recommendations provided for each Account are intended to align with the specified Target Asset Allocation for that Account.

Any changes to your risk tolerance or time horizon or, if applicable, Goal Target and any aligned External Assets, may lead to a different recommended Target Asset Allocation and therefore potential changes to the Strategy recommended for your Account. It is your responsibility to ensure that the information you provide to us through the Online Profiling Process and to a Program Advisor is complete and accurate so that we will be better able to make appropriate recommendations for you and your Account assets.

The associated allocation ranges and our method of monitoring activity may change from time to time and without prior notice to you. Our more conservative Target Asset Allocations typically recommend a greater percentage of your assets be allocated to fixed-income and cash asset classes, rather than to the equity asset class. Our more aggressive Target Asset Allocations typically recommend a greater percentage of your assets be allocated to the equity asset class, rather than to fixed-income and cash asset classes. You should consider carefully the recommended Target Asset Allocation for your Account.

We use wealth management tools that provide hypothetical projections of possible investment outcomes for the recommended Target Asset Allocation over the time horizon for your Account. Hypothetical projections and analyses do not reflect or project actual investment performance of your Account, the Strategy you select or the underlying securities in the Strategy and are not guarantees of future results. Any hypothetical projections presented through the Program Website make use of probabilistic modeling, a statistical modeling technique in which a set of future outcomes are forecasted based on the variability or randomness associated with historical occurrences.

For an Account with no Goal Target, the projections presented illustrate possible investment outcomes determined by the use of probabilistic modeling based on our forward-looking return assumptions for the asset classes included in the recommended Target Asset Allocation and based on certain information you

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provided as part of the Online Profiling Process and through the Program Website. For more information about how these projections are calculated, how the information you provide is used, the assumptions used and limitations of these projections, please consult the [“Hypothetical Projections Tool”](#) document available on the Program Website.

As part of the Program, we provide you with the ability to track your progress to your Goal Target, if desired. No representation is made that the Strategy will achieve the Goal Target and the actual returns for your Account could be significantly higher or lower than the Goal Target. For the purposes of these projections, any External Assets in Linked accounts will have the asset allocation determined by us based upon our asset class designation of the Linked account holdings. External Assets in External accounts will have the asset allocation provided by you through the Program Website and, if you do not provide this information, we will assume these External Assets have the same asset allocation as the Target Asset Allocation for your Account.

You should consider these limitations carefully as you review the projections and illustrations for progress to your Goal Target and you should not rely on that information when making an investment decision. For more information about how the projections are calculated, how the information (including information about External Assets) you provide is used, the assumptions used and limitations of the projections, please consult the [“Goal Target Funding Status Analysis”](#) document available on the Program Website.

### Investment Strategy Services

**Selecting a Strategy.** After we help you establish a Target Asset Allocation for your Account, we, through the Online Profiling Process and/or a Program Advisor, will recommend to you one or more Strategies available in the Program. There may be more than one Strategy that is suitable for your investment needs. Our recommendations will be based on the information you provide and what we believe will meet your investment needs and investment preferences for the management of your investments. Our recommendation is limited by the stated and agreed-upon:

- Size of your investment
- Account Target Asset Allocation.
- Account Strategy.
- Other applicable factors such as the type of Account you establish.
- Account investment restrictions, if any, that are accepted as provided in the section “Reasonable Investment Restrictions” below.

If you wish to utilize multiple Strategies for your investment assets in the Program, you will be required to open a separate Account for each Strategy. The availability of Strategies in the Program is subject to change. You can review materials available on the Program Website and can discuss the available Strategies with a Program Advisor.

The Strategies available in the Program are model portfolios of securities managed by MLPF&S, as an investment manager through its Chief Investment Office (the “CIO”), to achieve one or more investment styles or disciplines. The Strategies range from “Conservative” to “Aggressive” and include asset allocations to the asset classes of equity, fixed income and cash.

The Strategies consist of ETFs and/or mutual funds as well as a cash asset class allocation. The ETFs and mutual funds that are included in a Strategy are referred to as “constituent Funds.” The CIO chooses the constituent Funds for the equity and fixed income asset class exposures and determines the overall asset class allocations of a Strategy to balance the goals of achieving current income and growth. The CIO also selects securities holdings that can be converted to cash without experiencing a significant loss due to the lack of a ready market or incurring significant costs or penalties.

For exposure to the cash asset class, the CIO determines whether to hold cash as a cash balance (which is then swept in accordance with the Account’s cash sweep program) and/or to invest in money market funds. In certain circumstances, including periods of volatile or uncertain market conditions, the CIO may determine that the allocation to the cash asset class comprise all or a substantial portion of a particular Strategy’s model portfolio for defensive purposes. Some portion of your Account assets will be held as cash for operational considerations. For more information, see “Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature.” As described in more detail below in the section “Program Fee and Other Charges,” your cash in all Accounts will be subject to the Program Fee.

Certain Strategies’ investment approach incorporates two model portfolios from the CIO designed to support Accounts at different asset levels. These Strategies’ model portfolios are designed to align to the relevant Target Asset Allocation and provide similar diverse market exposure. Accounts with higher asset values (generally starting at \$5,000 or as otherwise reflected in the applicable Strategy Profile) are allocated among a range of constituent Funds and a cash allocation using CIO’s tactical asset allocation model portfolio (“Tactical Asset Allocation”) for a Strategy. Accounts with lower asset values are allocated among generally a smaller range of constituent Funds and a cash allocation using CIO’s strategic asset allocation model portfolio (“Strategic Asset Allocation”) for these Strategies. In our discretion, we rebalance an Account to transition between two model portfolios for these Strategies as its asset value changes over time.

You will select the recommended Strategy to have implemented in your Account based on the results of the Online Profiling Process and discussions with a Program Advisor. We will provide you access through the Program Website to important information about the Strategy you select through a document known as a “Profile.” The Profile will describe the relevant objectives, styles and risks of the particular Strategy. Any change from one Strategy to another Strategy will require your consent, because you retain authority to select and implement any changes between Strategies. However, as we describe in detail below in the sections “Investment and



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Trading Authority” and “MAA’s Role,” we will have full trading authority to implement the Strategy selected, including rebalancing to transition an Account between an applicable Strategy’s two model portfolios as the Account’s asset value changes over time.

The Portfolio Summary that we will deliver to you through the Program Website upon enrollment will indicate the Strategy in which you are invested. We may reference this Strategy or use the term “Managed Strategy” as a caption name or reference in the Portfolio Summary. Any changes to a different Strategy for your Account will result in an updated Portfolio Summary that will be made available to you through the Program Website.

In certain circumstances, the same or similar investment solution offered in the Program may be offered through other investment advisory programs or services sponsored by Merrill or our Affiliate channels, at a lower or higher than, or same cost as, the investment solution offered in a Strategy in this Program. The services that you receive by investing in such a solution through a different program, may or may not be similar to the services you receive through the Program. You should discuss with a Program Advisor the investment solutions, services and Strategies available to determine which may be most appropriate. Please refer to the section “Ability to Obtain Certain Services Separately and for Different Fees.”

**Replacing a Strategy or Fund in a Strategy.** Merrill determines the manner and extent to which Strategies are made available to clients through the Program and when a Strategy may change or no longer be offered. As a general matter, we make these decisions based on a variety of factors, including client needs, available investment styles, platform capacity, client demand and the outcome of due diligence and evaluation reviews including with the assistance of the CIO. The CIO provides investment solutions, portfolio construction advice and wealth management guidance. See Item 6 “Portfolio Manager Selection and Evaluation.” Merrill also has the authority to select the constituent Funds in the Strategies and to change constituent Funds without notice to you.

Occasionally, we may decide to discontinue offering a Strategy, close a Strategy to new investments or additional contributions from existing clients or require a particular Strategy held by clients to be replaced. Our actions may include: (1) replacing the Strategy with another Strategy; (2) investing new contributions from, or the sale or redemption proceeds held by, existing clients in the Strategy in a replacement Strategy selected by us; or (3) leaving any such contributions or sale or redemption proceeds in cash in the Account until a replacement is chosen by us or we are directed to invest in an alternative Strategy by you. MAA is responsible for implementing our decisions and related actions.

We generally will provide you with prior notice before any discontinuation, closing or replacement event respecting a particular Strategy but depending on circumstances and our view of the nature of the event, in limited circumstances, we may provide you with notice after we have already taken action. This flexibility to act quickly helps enable us to take action where we believe the replacement and its timing are in clients’ best interest.

If we determine to replace the Strategy with another Strategy, we will endeavor to replace it with one that has a similar investment objective to the Strategy being replaced. This replacement Strategy may be subject to higher constituent Fund expenses than you had been paying. If you do not instruct us to the contrary, your continued participation in the Program after any such action will be your consent to the action. If you do not agree with the recommended replacement Strategy, you can terminate your participation in the Program.

**Investment and Trading Authority.** Pursuant to an agreement between MLPF&S and MAA, MLPF&S provides advisory services through the Program, in part, by furnishing investment recommendations to MAA for a Strategy based on one or more model portfolios in accordance with the applicable Profile.

All Strategies developed by MLPF&S will be implemented by MAA with full investment and trading discretion. MAA will generally implement the CIO’s recommendations for a Strategy without change, subject to your Reasonable Investment Restrictions, cash commitments and other considerations. MAA may determine, in its sole discretion, in light of operational or investment considerations, to deviate from a model portfolio on a limited basis (*i.e.*, to select another security or increase the cash allocation within a model portfolio).

By your choosing a Strategy for an Account as provided in the Agreement, you have granted MAA investment and trading discretion, for investments occurring in the Strategy. Through that discretion, we will have complete trading authority and may invest, reinvest, purchase, sell, exchange, convert and otherwise trade assets in your Account in accordance with your selected Strategy without any prior notice. This authority will remain in place until we have received and accepted instruction from you to either change the Strategy or terminate the Account.

**MAA’s Role.** The investment decisions for a Strategy will generally be implemented for your Account by MAA in accordance with the investment recommendations, guidelines and instructions provided to it by the CIO through model portfolios or other instructions. In addition to that described above, MAA has authority to make certain investment and trading decisions including:

- Implementing the CIO’s investment recommendations for the Strategy’s model portfolios.
- Rebalancing an Account to align with the Tactical Asset Allocation or Strategic Asset Allocation model for a Strategy, as applicable, due to a change in the value of the Account.
- Investing the initial and any subsequent cash and securities deposited in the Account.
- Processing all contributions, withdrawal requests and Account terminations.
- Periodically reviewing the Account for rebalancing.
- Implementing your Reasonable Investment Restrictions, if any.

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- Implementing your tax-selling instructions, if any.

In connection with certain of these activities, MAA may utilize the services of its Affiliates, in its discretion and subject to legal requirements, for investment and administrative support.

MAA actively manages your Account's investments and may rebalance these investments to the Strategy's allocations at any time in its sole discretion, including rebalancing to align with the Strategy's Tactical Asset Allocation or Strategic Asset Allocation model, as applicable, due to a change in the value of the Account. MAA monitors your Account daily for contributions or withdrawals of assets and rebalances your Account when it deems it appropriate. The frequency and parameters MAA uses to rebalance your Account in a selected Strategy may change at any time and may be different from the parameters used in other types of investment strategies or investment advisory programs sponsored by Merrill. In our discretion, we may decide not to process certain rebalancing transactions. Delays in the processing of any rebalancing may be caused by market conditions, illiquid securities or those with limited subscription and redemption schedules, as well as the availability of funds and other factors. In general, MAA reserves the right not to rebalance your Account if we believe it is not in your best interest to implement the rebalancing of your Account to the Strategy's allocations.

**Registered Fund Prospectus Delivery.** When a fund that is registered under the Investment Company Act (a "Registered Fund") is purchased for an Account in a Strategy, in light of the discretionary authority you have granted to us in connection with managing your Account, we are authorized to receive the Registered Fund prospectus in lieu of it being automatically delivered to you. If you would like a copy of the Registered Fund prospectus, you may obtain one, free of charge, by contacting us at 888.654.6837 or via the Program Website. Notwithstanding the foregoing, Merrill may continue to send the Registered Fund prospectus to you in its sole discretion.

**Reasonable Investment Restrictions.** In the Program, you may request through your Program Advisor that we impose certain investment restrictions on the management of your Account assets relating to the purchase of specific constituent Funds. For a restriction to be acceptable under the Program, it must first be determined to be "reasonable" by us (a "Reasonable Investment Restriction"). Investment restrictions or any other limitations provided by you will not apply to the securities or other interests held in the portfolio of any constituent Fund in your Account, even if a constituent Fund provides public disclosure of the holdings within its portfolio.

MAA will determine whether a restriction request is reasonable and how to allocate investments based on an accepted Reasonable Investment Restriction. MAA will allocate the assets that would have been invested in the particular constituent Fund included in the Strategy impacted by the Reasonable Investment Restriction in the following ways: (1) pro-rata across other Strategy investments held in the Account; (2) by using one or more replacement securities, which could include ETFs; and/or (3) by remaining uninvested in cash.

Merrill and MAA reserve the right to modify our practices regarding investment restrictions in our sole discretion at any time without notice. Further, we reserve the right to deem any requested investment restriction to be unreasonable and to not accept the requested investment restriction. If one or more investment restrictions are determined to be unreasonable, the restriction will not be applied and you should consider whether to remain in the Program or consider other more appropriate Strategies in the Program.

If you elect to impose Reasonable Investment Restrictions, you accept any effect such restrictions may have on the investment performance and diversification of your Account. The performance of Accounts with Reasonable Investment Restrictions will differ from, and may be lower than, the performance of Accounts without such restrictions. In addition, your decision to impose a Reasonable Investment Restriction will alter the allocation of any Strategy or result in a replacement security that, in turn, may result in exposure to additional (and potentially unforeseeable) risks that are inconsistent with the objective of the Strategy.

If accepted, a Reasonable Investment Restriction will be included in periodic Program communications and will be applied to your Account until such restriction is changed or withdrawn by you or we determine that it is no longer a Reasonable Investment Restriction. You may request to have different investment restrictions applied to each of your Accounts.

### Program Guidelines

The Strategy chosen for your Account and the assets comprising the Strategy in the aggregate should be aligned to the designated Target Asset Allocation for the Account. On the Program Website you will be able to view the actual asset allocation for your Account ("Actual Asset Allocation") and compare it to the Target Asset Allocation for your Account. At times, your Account's Actual Asset Allocation may become misaligned with the Strategy allocation for many reasons, such as market movement, additions and withdrawals of assets from your Account, changes in the Strategy you select or purchases and sales of certain securities in your Account.

On a periodic basis, we will monitor the assets in each Account for alignment with the applicable Target Asset Allocation within certain parameters. Because your Account's Target Asset Allocation is based on your Account risk tolerance, your Account time horizon and, if applicable, a Goal Target and any aligned External Assets, changes to these factors may result in a different recommended Target Asset Allocation and/or Strategy.

In addition, keep in mind that the time horizon for your Account will change (become smaller) as time passes, and the Target Asset Allocation will change over time (except if your Account already has a recommended Target Asset Allocation of Conservative). If, as a result of the passage of time, your Account's recommended Target Asset Allocation changes, you will be presented with a new recommended Strategy for selection. With the selection of a new Strategy, certain securities held in your Account will be sold that may result in taxable gains or losses or fees or charges (if

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applicable) for your Account. If there is a prolonged misalignment, we will ask you to take action in order to remain in the Program, including updating your risk tolerance or time horizon, so that the Account meets the Program guidelines.

We have established certain guidelines relating to the management of assets in the Program. The Program guidelines may change at our discretion or may be waived under certain circumstances for certain clients. You may be notified if your investment activity or holdings deviate from our Program Guidelines, including Target Asset Allocation guidelines, and action may be required to comply with these guidelines. If you decide not to take the requested action, we may terminate your Account from the Program which converts the Account to a brokerage account.

*Our supervision and monitoring does not substitute for your own continued review of your assets and the performance of your investments.* You are responsible for reviewing the Program communications, including performance reports, trade confirmations and monthly account statements that we send to you via the Program Website. If you identify any discrepancies or inaccurate information, you should promptly let us know by contacting us at 888.654.6837.

### Account Reviews and Information

An important part of the Program is providing you with the opportunity to engage in periodic reviews with a Program Advisor. These reviews provide updates on the progress of your Accounts and other important information about your investments. If you do not participate in your Account review, we may, in our discretion, terminate your Account from the Program. For more information about our communications and reporting to you, see Item 9 at “Account Review and Reporting.”

As an accommodation to you, we may agree, in our sole discretion, to include, in certain of our Program communications and reports, information about External Assets that you have provided to us in connection with your Goal Target. The Program Fee will not apply to these External Assets and we will not be an investment adviser or a fiduciary with respect to them.

### Brokerage and Custody Services

**Brokerage Services Generally.** You are required to open a brokerage account with MLPF&S. The Program Fees (defined below) you pay generally cover the execution of transactions in the Program and the custody of your assets. Certain brokerage, banking or other features of your securities (brokerage) account will not be available to you for your Account while enrolled in the Program. Certain transaction fees are not covered by the Program Fee, including those described in the section “Program Fee and Other Charges” and certain fees unrelated to investment activity, like fees for cash management activities and account service fees. Please see the underlying brokerage documents relating to brokerage services and related transactions and account fees for your Merrill account.

In your Agreement, you appoint us to act as your agent and attorney-in-fact with power and authority to buy, sell or otherwise effect transactions in constituent Funds as part of the Strategy, and any other securities or other property in your name for your Account. You also authorize and direct us to cause all transactions to be effected through MLPF&S or its Affiliates acting as agent or, where permitted by law, as principal. Principal transactions are only effected in accordance with Program guidelines and applicable regulations. In effecting transactions for your assets in the Program, we or our Affiliates will be acting exclusively as a broker-dealer.

In effecting transactions for your assets in the Program, Merrill or its Affiliates will be acting exclusively as a broker-dealer and trades will be handled consistent with its best execution and other regulatory obligations. Even in meeting these obligations, it is possible that you may be able to obtain better prices for transactions if such trades were executed with other broker-dealers or third parties, including having smaller spreads (the difference between the bid and the offer price) or at more favorable net prices.

We may, but are not required to, aggregate orders for the sale or purchase of securities for your Account with orders for the same security for our other clients, for our own accounts or the accounts of our employees (including any Program Advisor) and/or related persons. Where order aggregation is employed, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata shares of any fees. To the extent the CIO provides similar investment recommendations for a particular Strategy to MAA for implementation, MAA’s ability to implement those recommendations may be affected by the liquidity of the security, market volatility, and any price limits that may be imposed. This may in turn have a negative impact on the performance of a Strategy.

We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct it as promptly as possible without disadvantaging you. In general, in instances where we are responsible for effecting the transaction, we may reimburse you for any losses directly resulting from trade errors, credit to you any profits directly resulting from such trade errors that are corrected after the settlement of the transaction, or retain for ourselves any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

If Merrill or its Affiliate cannot effect a transaction on your behalf, we will effect the transaction through an Unaffiliated Investment Firm that is chosen by us at the time and establish accounts as necessary for the purpose of effecting transactions in the Program. In making that determination, we will take into account various factors, such as the nature and quantity of the securities involved, the markets involved, the reputation and perceived soundness of the firm, the firm’s clearance and settlement capabilities and other factors relevant to the selection of a broker-dealer for the execution of client securities transactions. You, and not we, will bear the cost of any fees that are payable to Unaffiliated

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Investment Firms and are not covered by the Program Fees (over-the-counter transactions in which Merrill and its Affiliates act as agent).

**Rules for Cash Accounts and Margin Transactions.** As a broker-dealer, Merrill is responsible for compliance with federal margin rules. Accounts in the Program are cash Accounts, which means that margin is not permitted and purchases of securities must be fully paid for on the date of the trade. With a cash Account, if securities are sold before the payment for their purchase has settled, an event known as a “free-riding violation” has occurred. Free-riding is prohibited under margin rules and our Program guidelines. Having a “free-riding” violation may result in your Account being restricted for 90 days or “frozen.” This means that while purchases of securities would be permitted, they must be fully paid for on the date of the trade. The imposition of such a freeze could have a negative effect on your Account and performance. The risk of engaging in an inadvertent “free riding” violation and therefore freezing your Account is enhanced: (1) when you change Strategies and your investments are reconstituted; (2) when your Account engages in periodic rebalancing (which results in purchases and sales of securities over a short period of time); or (3) when you withdraw cash from your Account when there is a pending order to purchase a security.

**Custodial Arrangements.** MLPF&S will act as the custodian for the assets held in the Program. Your assets will be maintained in an account established at MLPF&S through the applicable securities (brokerage) account you have opened.

Any assets held in the Program in Retirement Accounts must be and remain free from any lien, charge or other encumbrance. Any assets held in the Program in Accounts other than Retirement Accounts must be and remain free from any lien, charge or other encumbrance (other than a lien, charge or other encumbrance in favor of us or our Affiliates), unless we agree otherwise or it is a lien, charge or other encumbrance in favor of us or our Affiliates through our securities account agreements. You must notify us in writing prior to effecting loans secured by securities in the Program (including loans by our Affiliates) (commonly referred to as “collateralizing”). No specific securities in your Account should be held as collateral to secure any loans you may have.

We will not provide advice on or oversee any of your collateral arrangements. Unless we otherwise agree, in the event of any conflict between the terms of the Agreement and your collateral arrangements, the terms of the Agreement will prevail. You must also disclose to any lender the terms of the Agreement. There are adverse effects of collateralizing your Account, including, but not limited to, the fact that the lending institution may require additional collateral or liquidation of securities to meet a call, as well as the related tax consequences. You must promptly notify us of any default or similar event under your collateral arrangements as defined in the respective collateral arrangements.

From time to time, Merrill may offer to clients or potential clients certain promotions or rewards in connection with opening, maintaining or adding assets to a Merrill securities account. Such promotions or rewards may include, by way of

example, the payment of a cash reward. The promotions may require a client to request to receive or participate in the promotion or reward, and/or require a client to meet various eligibility criteria. While these promotions or rewards may extend to a client’s Merrill securities account that holds assets in the Program, participation in the Program is not a condition for these promotions or rewards.

### Account Features

**Proxy Voting.** You have the right to vote proxies for securities held in your Account. You will retain proxy voting authority for your Account. You cannot delegate to us and we do not accept any proxy voting authority for securities held in your Account. We will promptly send you proxy ballots and related shareholder communications that we receive, as well as any other information intended for distribution to you. You are responsible for taking any actions. If Merrill, as custodian of your Account, does not receive voting instructions from you, we will comply with the rules of the SEC and applicable self-regulatory organizations relating to such matters, as required by law.

As a broker dealer, Merrill uses a third-party service provider for certain proxy-related functions, including processing and forwarding proxy and other issuer related materials, and receives amounts collected by the vendor for the costs of these services as permitted by applicable securities regulations.

**Other Legal Matters.** We will not advise or act for you with respect to any legal matters for securities held in your Account, including bankruptcies or class actions, and we will use our best efforts to send you any documents received with respect to such matters.

**Trade Confirmation Statements.** You will receive trade-by-trade confirmation statements electronically for transactions in your Account.

**Electronic Delivery Service.** By enrolling in the Program and signing the Agreement and consenting to electronic delivery, you have agreed to electronic delivery of Program materials, including this Brochure and the Agreement and any changes, supplements or amendments to these materials as well as other Program notices and materials. We will not send you paper versions of documents as part of the Program unless required by applicable law or in our sole discretion. Please see the information in Item 4 at the section “Electronic Accessibility Requirement.”

Certain of our materials, including this Brochure, are compatible with various types of assistive devices, such as screen readers. Other Program materials have varying degrees of compatibility with different assistive devices. If you experience difficulty in accessing a Program document with an assistive device, please inform a Program Advisor and request that the document be made accessible.

### Program Fee and Other Charges



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You agree to pay to us an annual asset-based fee (the “Program Fee”) at the rate of **0.85%** (the “Program Fee Rate”) of the asset value of the Account for the Services provided in the Program under the Agreement. This Program Fee Rate is non-negotiable and payable monthly in advance. The Program Fee is subject to change from time to time, upon notice to you. Your continued use of our Services will constitute your agreement to any such change. Upon your request, and at no charge, you may contact us by telephone at 888.654.6837 to request information regarding your Program Fee and its calculation.

The Program Fee does not include all of the charges that may apply to your Account. Please see the section “Fees and Expenses Not Covered by the Program Fee” for a list of other fees and expenses that you may be charged and that are not included in the Program Fee.

You may be eligible for benefits such as Program Fee discounts, rebates or credits under certain promotional programs (“Bank programs”) that BANA offers from time to time for its banking product clients who also use the products or services of its Affiliates, including Merrill. In general, you must be a banking client of BANA, elect to participate in these Bank programs, and meet certain eligibility criteria of the Bank programs in order to receive the benefits available to clients of Merrill under these Bank programs. For additional information on these Bank programs, please contact us at 888.654.6837 or visit the Program Website.

**Calculation and Payment of the Program Fee.** Your Program Fee is payable monthly in advance and generally will be calculated based on the value of the assets in your Account as of the last business day of the prior month. Merrill will use a variety of pricing sources in calculating the value of the assets in your Account, including its Affiliates.

When you enroll a new Account in the Program, an **initial** Program Fee will be assessed during the week following the date on which you have contributed the required minimum level of assets to the Account for the Strategy you select. The initial Program Fee will be calculated and paid to Merrill based on: (1) the market value of the assets in your Account as of the earlier to occur of the last business day of the week or the last business day of the month following required funding; and (2) one-twelfth of the annual Program Fee Rate applicable to such market value, and prorated based on the number of days remaining in the month from the date of required funding.

After the initial Program Fee, the **monthly** Program Fee is typically charged to your Account during the first week of the current calendar month. The Program Fee will be calculated and paid to Merrill based on: (1) the value of the assets in your Account as of the last business day of the previous calendar month; and (2) one-twelfth of the annual Program Fee Rate applicable to such value.

If you or we terminate your Account, we will refund to you a pro rata portion of the Program Fee based on the number of calendar days remaining in the month. The refund, if any, will be applied to your Account typically during the week following Account termination.

**Deduction of the Program Fee from Your Account.** You have agreed in the Agreement as follows:

- Unless otherwise agreed to between you and Merrill in writing, the Program Fee and any other fees payable under the Agreement will be deducted directly from your Account.
- Merrill is authorized to deduct the Program Fee (and any other fees payable) from the assets held in your Account, to the extent permitted by law, if full payment of such Fees has not been timely received or, if earlier, at the time the Account is terminated.
- The Program Fee and any other fees for your Account will be payable, unless otherwise indicated, first from the withdrawal by Merrill of balances in the bank deposit account, as you authorize in the Agreement or other document, and second from free credit or cash balances, if any, in your Account.
- You will make timely payment of all amounts due to Merrill under the Agreement, and any unpaid Program Fees may result in the termination of your Account.
- Unless this is a Retirement Account, all assets in your Account or otherwise held by Merrill or its Affiliates for you will be subject to a lien for the discharge of your obligation to make timely payment to Merrill of the Program Fee to the extent permitted by law (and any other fees payable under the Agreement), and Merrill will sell assets in your Account to satisfy this lien.
- You can instruct us to deduct the Program Fee from an alternate account with us. If you wish to instruct us to collect the Program Fee from an alternate account, please download the form and instructions for selecting an alternate account at [merrilledge.com/AltDebitForm](http://merrilledge.com/AltDebitForm).
- If free credit or cash balances within the alternate account you have designated for your Program Fee to be deducted from are not available, the Program Fee will be deducted from your Account.

**Services Covered by the Program Fee.** The primary purpose of the Program is to provide you with ongoing fiduciary investment advice and guidance. The Program Fee you pay covers the Program’s Services, including investment advice and guidance under the Program, as well as brokerage and custodial services relating to your Account. Certain services that may normally be available in certain types of brokerage accounts will not be available to your Account while you are enrolled in the Program, including margin lending, check writing, Visa cards, and client order entry.

*The full amount of the Program Fee payable under the Agreement will be charged in accordance with the terms of the Agreement, regardless of the amount of transactions effected in your Account.*

**Assets on Which the Program Fee Is Charged.** Except as noted, you will be charged the Program Fee on all assets in your Account, including cash. Generally, all Account values used to determine the Program Fee are based on the value of the assets in your Account, as determined by Merrill. In calculating such Account values, we will use a variety of pricing sources, including our Affiliates.



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**Cash Assets.** The Program Fee will also be applied to any cash and any cash alternatives held within your Account. This includes (1) money market funds and other cash alternatives held as part of the Strategy; (2) cash that is treated as a cash balance which is automatically swept into a cash sweep vehicle in accordance with the cash sweep program for your Account (“Cash Sweep Program”); and (3) cash in your Account due to your having chosen the “no sweep option” as provided for in the Merrill brokerage account agreement.

You will experience negative performance on the cash asset allocation for your Account if the Program Fee charged on your cash and/or cash alternatives is higher than the return you receive on any cash swept to a cash sweep vehicle and on any cash alternative.

The Program Fee is in addition to other compensation that we and our Affiliates will earn on cash held for investment purposes and cash held as part of a cash asset allocation that is swept to a cash sweep vehicle in accordance with the Cash Sweep Program. For more information about the Cash Sweep Program, including compensation and benefits we and our Affiliates receive, see “Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature” in Item 4 and “Participation or Interest in Client Transactions and Conflicts of Interest – Cash Balances and Cash Sweep Program” in Item 9.

**Fees and Expenses Not Covered by the Program Fee.** Your Program Fee does not cover the following expenses, charges and costs:

- Dealer spreads as part of a mark-up or mark-down, or other transaction charges with respect to any principal transaction effected by us or our Affiliates or with respect to any transaction we execute with an Unaffiliated Investment Firm acting as a dealer.
- Underwriting fees or selling concessions or other transaction charges with respect to any new issue transaction we or our Affiliate may receive.
- Transfer taxes.
- Exchange, alternative trading system fees, required SEC fees or similar fees charged by third parties, including issuers.
- Electronic fund, wire and other Account transfer fees, including wire transfer fees charged for wires to or from your Account, and any foreign currency costs and charges.
- The internal fees and expenses of the constituent Funds used in the Program.
- Any other charges imposed by law or otherwise agreed to with regard to the Account (including those charges payable to Merrill and/or third parties as described in the Brochure).

The Strategies available in the Program primarily utilize ETFs and mutual funds, each of which has internal fees and expenses that are specified in the individual Fund prospectus or offering materials. For investments in constituent Funds that are part of the Strategy, you will bear your proportionate share of such constituent Funds’ fees and expenses including, but not limited to,

management fees and performance-based compensation paid to such Funds’ investment managers or their Affiliates, fees payable to the constituent Funds’ professional and other service providers, transaction costs and other operating costs. All of these fees and costs may be material, and some may be paid to Merrill and its Affiliates as compensation for services rendered.

Any Fund contingent deferred sales charge, redemption or other fees imposed by a Fund manager as a result of your redeeming the Fund to invest in a Strategy will be separate from the Program Fee. The Program Fee does not cover or offset any of the fees and expenses that any constituent Fund may incur for transactions occurring within the constituent Fund itself, including commissions and other transaction-related charges incurred by the constituent Fund, even if we effect these transactions for the constituent Fund or provide services to the Fund.

The Program Fee does not include certain fees and charges relating to transfer and termination fees, cash management services, including banking, check-writing services and money transfers, wire transfers and foreign exchange conversion fees and costs and certain corporate action fees, where applicable. Certain of these costs are detailed on the [Merrill Guided Investing with Advisor Schedule of Account and Service Fees](#) and the [Merrill Advisory Center Explanation of Fees](#) document, available at [merrilledge.com/relationships](http://merrilledge.com/relationships). Please see the securities account agreement and account enrollment documents relating to brokerage services and related transactions and account fees for your Merrill account. If you have any questions about any charges or fees applicable to your Account, please consult with your Program Advisor.

### Ability to Obtain Certain Services Separately and for Different Fees

You should consider the brokerage and investment advisory services we make available to determine which may be most appropriate for you. You may be able to obtain some or all of the types of Services described in this Brochure from us without participating in the Program. If you were to do so, your total cost may be lower or higher than the Program Fee.

You may also be able to obtain the same or similar Services, investment solutions, or types of investments through other programs or services (in either other investment advisory programs or in brokerage) offered by Merrill. These may be available at lower or higher fees than charged by the Program. You may also be able to obtain some or all of these types of Services from other firms at a total cost that may be lower or higher than the fees charged for the Program.

More broadly, when you compare the services, investment solutions, account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an investment advisory or brokerage relationship.
- Your preference for a discretionary or a nondiscretionary relationship.

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- Your preference for a fee-based or commission-based relationship.
- Your preference for having access to a Program Advisor and associated team compared to having a dedicated financial advisor or an online-only (digital) relationship.
- Your preference to work with a Program Advisor by utilizing an online interactive website or not.
- The types of investment vehicles and solutions that are available in each Merrill program or service.
- Whether a particular investment solution offered in one service is available through another Merrill program or service at a lower or higher cost.
- How much of your assets you expect to be allocated to cash.
- The frequency and type of client profiling reports, performance reporting and account reviews that are available in each program or service.

We offer other investment advisory programs, including MGI, MEAA and IAP. With MGI, you may access certain of the Strategies available in the Program through an online self-guided interactive website for a fee that is lower than the Program Fee.

In the case of IAP, depending on the IAP fee agreed to with a Merrill financial advisor chosen by you, the Strategies, as well as other managed strategies that are similar to those available in the Program, could be available at a higher or lower cost than is charged in this Program. A Program Advisor who is an MFSA can also work with clients in IAP. As described in IAP's brochure, MFSAs are limited by Merrill policies to offering only certain investment strategies in IAP, including certain of the Strategies available in this Program, to their clients at a fee rate that is specified by our internal policies. Through the Program or MEAA, clients can work with an MFSA at a lower annual asset based rate than they will pay in IAP. The Program and MEAA only offer certain strategies and not the fuller complement of strategies available in IAP.

The services that are available to you from these other investment advisory programs are different from the Services you receive through the Program in a number of important respects, including the range of strategies and solutions and the involvement and the nature of such involvement of a Merrill representative.

We have provided you with materials that help to explain the various platforms and programs we offer, including Form CRS and the document "Summary of Programs and Services" available at [merrilledge.com/relationships](http://merrilledge.com/relationships). These documents are available on the Program Website. You should discuss with your Program Advisor the investment solutions, services and Program Advisor access to determine which may be most appropriate for you.

### Funding and Operation of Accounts

**Opening and Funding your Account.** By signing the Agreement, you can open an account and enroll in the Program electronically. You may need to sign a separate agreement if you want to open an account, including in any other account ownership capacity, such as a trustee of a trust, a custodian of an account for a minor or as a joint account owner.

The effective date of the Agreement for your Account will be the date of its acceptance by us and will be indicated in the Program Report, also known as a Portfolio Summary, for the Account. The Agreement will not apply to any accounts not reflected in the Program Report. As discussed above, you must provide us with a valid email address to enroll in the Program. Our advisory relationship begins upon the effective date of the Agreement with you. Any preliminary discussions or recommendations provided to you before we accept the Agreement do not constitute investment advice under the Advisers Act and should not be relied on as fiduciary investment advice.

You may fund your Account by depositing cash and/or securities acceptable to us. We may determine in our sole discretion that certain assets, including securities or pending orders relating to securities, are ineligible for the Program or otherwise unacceptable.

If we determine in our sole discretion that any contributed investments are not eligible or are unacceptable by your execution of the Agreement, you are authorizing us to sell those investments promptly and charge you a commission for the sale of these assets. We also may request that you take action to transfer the ineligible assets out of an Account. Failure to comply with the request to transfer such assets out of an Account enrolled in the Program may result in that Account's termination from the Program.

We will as a general matter sell any assets you have in your Account in order to invest in accordance with the particular Strategy that you select for your Account. If we determine not to sell the particular asset, are unable to sell the asset or if you specifically direct us in writing to not liquidate the asset (before it has been liquidated), we have the right to transfer the asset to a securities brokerage account. We will not act as a fiduciary or an investment adviser in connection with these transactions. You are responsible for all tax liabilities arising from any sale of such ineligible or unacceptable assets.

If we are unable to process sell orders to liquidate investments transferred for the purpose of funding your Account, we will not be able to enroll your Account in the Program. If your Account is already enrolled in the Program, your enrollment may be terminated. In such cases, we will notify you of your options, which may include transferring securities to a new or existing securities (brokerage) account (not part of this Program) or sending the securities back to the originating firm or account.

**Special Note about Funding your Account with Mutual Fund Shares.** Before contributing mutual fund shares to the Program, you should consider the fact that you may have paid a front-end sales charge or may be obligated to pay a contingent deferred sales charge or redemption fee if the mutual fund shares are redeemed by us in order to invest in the Program Strategy you have selected; these fees, where applicable, will remain your responsibility and will be in addition to the Program Fee.

Each mutual fund has its own system of share classes for certain types of clients and accounts. The Program-eligible mutual fund

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share classes vary depending on the mutual fund, its roster of share classes and our agreements with the mutual fund. In general, the share classes that are eligible for the Program do not have any sales loads or annual asset-based fees. Annual asset-based fees include “service fees” or “Rule 12b-1 fees” charged by the mutual funds. There are some mutual funds available in the Program that have such annual asset-based fees due to share class availability.

If you contribute or hold mutual fund shares that we deem to be ineligible for the Program, we will either sell them and purchase the share class eligible for the Program if consistent with the Strategy model or we will exchange them, under the authority provided to us under the Agreement, mutual fund prospectus rules and our own policies, into the Program-eligible share class as promptly as practicable if consistent with the Strategy model. We may also require you to remove them from your Account.

We may not elect to exchange particular share classes of a mutual fund if, for example, there is no equivalent class eligible for the Program or if other circumstances exist. Prior to contributing any mutual fund shares to your Account, you should discuss the impact of the sale or exchange of these holdings with a Program Advisor. By contributing mutual fund shares to your Account in the Program, you could be subject to higher expenses overall once the shares are exchanged into a class we deem to be eligible or if you held them in your brokerage account.

**Contributions and Withdrawals of Assets.** Contributions of cash and securities to your Account may be made at any time. There may be a delay between the date that securities are contributed to a Strategy and the date that MAA invests such funds (or liquidates contributed securities if applicable) in accordance with the applicable Strategy Profile and Program guidelines. We will not be liable for any lost opportunity profits that may result from a delay in investing or liquidating any contributed securities in order to invest the proceeds into a Strategy.

For withdrawal requests, the liquidation of certain securities will be required. Withdrawal requests will be implemented as promptly as practicable, although implementation of the withdrawal may be delayed in certain instances, such as during periods of extreme market volatility. The following will apply to our handling of a withdrawal request:

- You can make a request to withdraw your assets by calling us at 888.654.6837 or as directed on the Program Website. If you have questions or would like information relating to a withdrawal request, you can also call us at this number.
- We require at least **five** business days’ prior notice to withdraw assets from your Account. In certain situations, it may take longer than **five** business days before you can access your requested funds. Our ability to liquidate securities may be impacted by market conditions and events or pending rebalancing actions being taken for the Account.
- Withdrawal requests will be handled as promptly as practicable given other activities that may be occurring at

the same time in an Account, like changes to a Strategy, any rebalancing transactions in process and other activity affecting the Account.

- Funds must be withdrawn from the Account by you as soon as practicable after settlement date and if the requested funds are not withdrawn from the Account within **fifteen** calendar days after the proceeds from the liquidation have settled in the Account, we may then reinvest the proceeds back into the applicable Strategy without notifying you.
- We reserve the right to liquidate, redeem or exchange Funds and other securities that are transferred from an Account to a brokerage account.
- We reserve the right to terminate any Account that falls below the required minimum asset size as reflected in the applicable Profile for the Strategy.
- Taxable gains and losses may be realized as a result of your withdrawal instructions.
- You will continue to pay the Program Fee with respect to the value of your investments in an Account until the sale or redemption of such securities is settled and the proceeds are moved out of the Account.

Your Account’s trading activity may impact available funds for an Account under margin rules. Please see Item 4 at “Custodial Arrangements” for additional information.

**Changes to Your Strategy.** We will implement any approved change to the Strategy that you select as soon as reasonably possible.

**Closing an Account and/or Terminating the Agreement.** The Agreement may be terminated at any time by either us or you, by providing verbal or written notice. The termination of the Agreement will terminate enrollment of the Account in the Program. You can request to terminate your Account’s enrollment either online via the Program Website or by phone at 888.654.6837. Your termination of a particular Account will not automatically terminate any of your other Accounts.

Termination of your Account will be effective following the completion of processes that may be required to terminate the Account, including any required liquidation. If you would like to liquidate all or part of your positions when terminating your enrollment in the Program, you may do so by calling us at 888.654.6837. We will attempt to process your requests in a prompt manner. If your withdrawal request requires the liquidation of any securities, it may take up to ten (10) business days to process.

Termination of a Program Advisor’s employment with Merrill or a change in the role of your Program Advisor who had been assisting you with your Account will not automatically terminate the Agreement. In the event that a particular Program Advisor is no longer able to service your Account, we will transfer that Account to a different Program Advisor

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Upon termination of an Account, a pro-rata adjustment to the Program Fee for the remainder of the billing period will be made, which may result in your receiving a refund of a portion of the Program Fee monthly payment. In addition, your Account will be converted to, and designated as, a brokerage account that will be subject solely to the Merrill brokerage account agreement. Depending on the nature of the account, brokerage services and activities in the brokerage account may be limited. You (or the legal representative of your estate) will have the sole responsibility for the investment of assets in your brokerage account at Merrill. In the event of a termination, the asset positions at the time of the processing of the termination request will not be liquidated but will be held in your brokerage account.

Notwithstanding the foregoing, there are certain mutual funds (or mutual fund share classes) and other securities that are not eligible to be held in an account that is not enrolled in the Program. Upon Account termination or if you or we move or transfer the mutual fund shares from your Account to a brokerage account, we will automatically liquidate, redeem or exchange these shares into another appropriate share or unit class in accordance with the applicable offering materials and our own policies without providing prior notice. Additional fees and expenses may apply upon such liquidation, redemption or exchange. Any liquidation, redemption or exchange will generally be effected as soon as practicable, which may be as soon as the close of the next business day following a termination or transfer.

Brokerage share classes generally will have higher operating expenses than advisory share classes that are eligible for the Program and will charge sales loads and annual asset-based fees (which includes “service fees” or “12b-1 fees”). These fees will be used to compensate Merrill or one of its Affiliates. This difference in compensation may create a conflict of interest. For additional information, please review Item 9 at “Compensation, Conflicts of Interest and Material Relationships.”

An investor who holds a more expensive share class of a Fund will pay higher fees over time -- and earn lower investment returns -- than an investor who holds a less expensive share class of the same Fund. The *total* cost of purchasing and holding Funds through a Merrill brokerage account will be more or less than continuing to invest in Funds through the Program as part of your selected Strategy.

**Cash Balances and the Cash Sweep Feature.** Your Account will have an allocation to cash based on the Strategy selected, the asset allocation and investment determinations that the CIO has made or in light of current market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocation may comprise all or a substantial portion of your Account assets invested in a particular Strategy based on, for example, concerns about the market, a decision to pursue a defensive investment strategy, or for cash management purposes. Some portion of your Account will be held in cash for operational considerations, including transaction processing and Program Fee collection. Unless the CIO directs that your Account’s cash allocation be invested in a cash alternative, your Account’s cash allocation will be treated as a cash balance in

your Account.

Cash balances will automatically be “swept” in accordance with the cash sweep vehicle available to you (or if more than one is available, as designated by you) as part of the underlying Merrill securities account agreement under the Cash Sweep Program. Under the Cash Sweep Program applicable to your account type, cash balances will be swept to either (1) a bank deposit account at BANA or other banks affiliated with us (a “Bank Affiliate”) or (2) to other cash sweep options we may make available from time to time.

The only cash sweep vehicle currently available to you under the Cash Sweep Program is a bank deposit account at one of our Bank Affiliates. The applicable terms of the available sweep vehicles are described in the disclosures that you received in connection with your underlying Merrill brokerage account. Current rates are available from a Program Advisor or online at the link labeled “Deposit Account & Money Fund Rates” in the footer of [merrilledge.com](http://merrilledge.com).

If you have elected the “no sweep” option for the cash balances held in your underlying Merrill securities account, the cash balances in your Account will remain in your Account and will not be swept. If you make this selection, you will not earn interest or dividends on cash balances held in your Account. You will be charged the Program Fee on the cash held in your Account even though you are not earning any interest or dividends on that cash.

The cash sweep will not take effect and therefore your cash balance will not be swept into the Cash Sweep Program until Merrill has on file a signed Merrill securities account agreement. We reserve the right to terminate you from the Program if we do not have a signed Merrill securities account agreement on file. The applicable terms of the available sweep vehicles are described in the disclosures that you received in connection with the underlying Merrill securities account for your Account; these terms and the current rates are available from a Program Advisor.

Cash balances swept to a bank deposit account at one or more of our Bank Affiliates will be placed in a bank deposit account bearing a reasonable rate of interest that has been established for, and in light of the features of, the Cash Sweep Program. The interest rate paid to you by BANA and our Bank Affiliates on the deposit account will likely be lower than the interest rates available on other deposit accounts at the Bank Affiliates or on comparable deposit accounts at other banks.

Generally, the rate you will earn through the Cash Sweep Program will be lower than yields on other cash alternatives, such as money market funds, that are available to you for investment outside of the Cash Sweep Program. Our Bank Affiliates will benefit from their use of the deposits. We or our Affiliates will receive compensation from the Bank Affiliates for the services relating to the Cash Sweep Program and the compensation will be in addition to, and will not reduce, your Program Fee, except as required by law. See Item 4 at “Program Fee and Other Charges—Assets on Which the Program Fee is Charged” and Item 9 at “Participation or Interest in Client Transactions and Conflicts of Interest—Cash



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### Balances and Cash Sweep Program.”

Any cash allocations invested in a money market fund are subject to such money market fund’s management, distribution, transfer agent, and other expenses. These fees and expenses are in addition to, and will not reduce, your Program Fee, except as required by law. We receive compensation in connection with any such money market fund holdings. See Item 4 at the section “Program Fee—Assets on Which the Program Fee is Charged” and Item 9 at the section “Participation or Interest in Client Transactions and Conflicts of Interest.”

Any cash allocations invested in a money market fund are subject to such money market fund’s management, distribution, transfer agent, and other expenses. These fees and expenses are in addition to, and will not reduce, your Program Fee, except as required by law. We receive compensation in connection with any such money market fund holdings. See Item 9 at the section “Participation or Interest in Client Transactions and Conflicts of Interest.”

There are alternatives available to you outside of the Program for holding cash and cash alternatives, such as a brokerage account or a bank account with one of our Bank Affiliates or an account at other banking institutions. In these other account arrangements, **you will not be able to invest in the Strategy** but you may contribute and hold cash and cash alternatives and not be subject to a Program Fee charge. These types of accounts may offer yields on your cash and cash alternative holdings that are higher than those offered in the Program. Any cash or cash alternatives held in an account that is not enrolled in the Program will not receive the Services under the Program and will not be able to invest in a Program Strategy. We will not be considered an investment adviser or fiduciary with respect to any cash or cash alternatives held in accounts outside of the Program.

**Legal Matters and Related Services.** We will not advise or act for you with respect to any legal matters for securities held in your Account, including bankruptcies or class actions and as your broker dealer, MLPF&S will endeavor to send you any documents received with respect to such matters.

### Tax Matters

You are responsible for all tax liabilities and tax-return filing obligations arising from the transactions in the Program. We are not responsible for attempting to obtain any tax credit or similar item or preparing and filing of any legal document on your behalf. You should review all disclosures you receive associated with the investments held in and transactions occurring within your Account with a qualified tax professional. We do not, and will not, offer tax advice to you and you need to rely on such qualified tax professional in all instances for tax advice.

You should be aware that tax consequences may arise when Strategy changes occur such as rebalancing, liquidations and redemptions. Except to the limited extent described in this section, we specifically disclaim any undertaking of tax management of your Account or investments and assume no responsibility for any

resulting tax consequences. Additionally, if you direct us by contacting a Program Advisor (or by contacting us by telephone at 888.654.6837) to take certain actions for tax related reasons, there is no assurance that your desired tax effect will be realized.

For example, if you direct us to realize gains in your Accounts, when we resume normal trading activity, such activity could generate new taxable losses or gains, and the same or similar securities may be repurchased. Similarly, if you direct us to realize losses in your Account, when we resume normal trading activity in your Account, such activity could generate new taxable losses or gains.

Upon your request to realize losses within an Account, we will attempt to undertake the following: (1) restrict purchases of substantially identical securities in the Account for a minimum of thirty-one calendar days following the sale of securities at a loss in the Account; (2) restrict sales of substantially identical securities in the Account that are currently at a loss for a period of thirty-one calendar days following the purchase of securities in the Account; and (3) at our discretion, engage in strategies to invest the available proceeds for varying time periods in substitute securities, current holdings, and/or alternative securities such as ETFs.

We do not make any guarantee that these actions will be successful in recognizing these losses. We are not providing any tax advice with respect to the effects of these transactions including whether a loss has been recognized under the wash sale rules under the Code. We do not take into account the trading activity in any of your other accounts, including your other Accounts in the Program or any accounts you have with Merrill or its Affiliates or third parties. You should consult your own professional tax advisor regarding the tax consequences of these transactions. You should be aware that as a result of these transactions, a higher than normal cash position may result for a period of time. In addition, this type of transactional activity may adversely affect Account performance and may increase the volatility of its results.

## Item 5. Account Requirements and Types of Clients

Investors generally eligible to participate in the Program include individuals, trusts, Retirement Accounts, joint account owners and custodians for an account for minors. As a requirement, you must establish an Account and enroll in the Program electronically through the use of the Program Website as described in the Agreement and this Brochure.

There is a minimum asset requirement of \$20,000 to enroll into the Program. We may waive or alter this minimum at our discretion. The Strategies require minimum investment amounts as reflected in the applicable Profile. We may change these minimums at any time.

## Item 6. Portfolio Manager Selection and Evaluation



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### Review and Selection of Strategies and Funds Available in the Program

**General.** Through the Program, clients have access to Strategies that offer investment solutions with various investment styles and risk. As a general matter, we decide whether to include particular Strategies and constituent Funds in the Program (or to remove them from the Program) based on a variety of factors, including client needs, investment styles, availability in the marketplace, platform capacity, client demand and the outcome of certain reviews that are conducted by or under the auspices of Merrill, including through the CIO.

**Strategy Construction.** Through the Program, we, through the CIO, construct the Strategies and select the constituent Funds and the allocations or allocation ranges for each Strategy. Please refer to the Profile for additional information about the Strategy you select including how the Account value relates to the use of certain of the Strategy's model portfolios, if applicable. In general, we develop the Strategies in an effort to strike a balance between current income and growth. In general, the CIO develops asset allocations for the Strategies based on its long-term expected return, risk and correlation assumptions for each asset class ("capital market assumptions"), its view of the appropriate long term allocation guidelines to follow in light of market conditions, expected trends and corresponding tactical adjustments.

The tactical adjustments are applied to those long-term asset allocations based on the CIO's market, economic, and asset class expectations. These tactical adjustments overweight or underweight specific asset classes, incorporating the CIO's investment views on how market dynamics, phases of the economic or business cycle, and particular investment themes may affect the Strategies. In order to determine asset allocations, the CIO utilizes internal as well as third-party research and data at both the macro and micro levels.

The CIO provides model portfolio(s) of constituent Funds and allocations for a Strategy that it determines appropriate and the model portfolio for the Strategy is then implemented by MAA for your Account. For Strategies with more than one model portfolio, MAA implements the applicable model portfolio (i.e., Strategic Asset Allocation or Tactical Asset Allocation) depending on the level of assets in your Account.

Funds selected for a Strategy are subject to the CIO Review Process as described in this section. To be eligible for selection, Funds also must have sufficient assets under management and meet minimum trading volume parameters. In addition, the CIO evaluates the Fund's share price or net asset value, along with the corresponding allocation weighting, taking into account the Strategy's investment minimum and, as applicable, other asset level parameters.

Once the Strategies are constructed, the CIO regularly monitors and reviews them and makes adjustments based on asset allocation changes. The constituent Funds are also periodically reviewed to ensure they continue to meet the criteria for inclusion. The Strategies are also subject to internal governance and

oversight processes on a periodic basis, which may include a review of Strategy performance against expectations as well as any applicable investment or regulatory restrictions.

The Program does not currently offer any Funds sponsored or advised by us or any of our Affiliates ("Related Fund"). However, we may determine in the future to include Related Funds in a Strategy. The conflicts of interest and other considerations arising from the use of Strategies constructed, implemented and managed by Merrill or any of its Affiliates or Related Companies are discussed at Item 9 at "Compensation, Conflicts of Interest and Material Relationships."

**CIO Review Process.** The initial and periodic reviews of Strategies and Funds available in the Program are performed by our product teams through an internal business review. In addition, for the review of Funds, including those to be included in the Strategies' constructed by the CIO, we have in place an investment review conducted by or under the auspices of personnel of the CIO, referred to as the "CIO Review Process." All constituent Funds included in the Strategies are subject to the CIO Review Process.

The CIO Review Process consists of proprietary processes conducted by CIO and those processes and reviews provided by third-party reviewers that we have engaged for this purpose. The third-party reviewer services are generally consistent with the multi-factor processes that the CIO deploys but they are not identical. We, through the CIO, have reviewed such third-party reviewers' processes and believe they are reasonable and appropriate in light of the objectives of the Program.

Once we identify a need for a particular investment management style, we employ a multi factor process to review the Strategies and the constituent Funds to meet this need. These factors may include, but are not limited to: stability of a Fund, adherence to investment style, evaluation of risk and volatility, investment professional and strategy resources, investment philosophy and process, portfolio construction, performance, organization structure and operating and administrative capabilities. In addition, for ETFs, in particular, we also examine index construction methodology and ETF portfolio management process, tracking error to the reference index, trading costs, liquidity and expenses.

Based on these factors and using the information collected, the CIO Review Process involves quantitative and qualitative analytical methods, some of which may be subjective. Different weightings may be assigned to each of the factors considered and generally no single factor will be determinative. There is no assurance that the CIO Review Process or our internal reviews will identify the best performing Funds. Our reviews may involve in-person visits, telephone conference calls, reviews of performance, and updates of certain Fund manager prepared materials or Fund documents and information. We may also conduct periodic analysis of composite performance to determine whether that performance generally appears to be consistent with that of the Funds. We do not perform audits of Funds to verify past performance information that the Funds provide to us.

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For each Strategy, we will periodically evaluate factors related to the Strategy and constituent Fund investments that we deem appropriate. For each Fund available at Merrill, including the constituent Funds, we will periodically evaluate factors related to the Fund investments that we deem appropriate. In addition, we may initiate reviews based on various factors determined by us and the CIO to be appropriate, including the level of assets in a Strategy or constituent Funds in client accounts at Merrill or an Affiliate, the number or percentage of Merrill or Affiliate clients in a Strategy or constituent Funds and the asset class involved. If we identify concerns regarding a Strategy or a constituent Fund that we find significant or important, we may choose not to accept any new investments in that Strategy or the constituent Fund. A drift or variation of the style of management of a particular Strategy or constituent Fund from the stated style does not require a removal from our Program offering. Merrill retains the decision-making authority to add or remove a Strategy or constituent Fund from the Program, regardless of, or in light of the results of, any review conducted, including through the CIO Review Process.

BofA Global Research publishes research reports and ratings (“Research Ratings”) regarding a select universe of ETFs and other exchange-traded products (collectively, “ETPs”). The Research Ratings on ETPs are intended to assess the potential for outperformance of ETP peers in the same coverage category. The CIO, BofA Global Research and other business units, apply different methodologies in their review of ETPs, and may arrive at different or inconsistent conclusions with respect to one or more ETPs. Neither our internal business review nor the CIO Review Process determinations described above rely on or otherwise use the ETP Research Ratings as an input or factor in making ETPs available through the Program.

*Our review of the Strategies and constituent Funds does not substitute for your ongoing monitoring of your Account and the performance of your investments.*

### **Information Available Regarding the Strategies and Profiles.**

We make available guidance to Program Advisors through regular or ad hoc internal publications, including those from the CIO that reflect our internal opinions and views with respect to a Strategy or Fund. You should discuss with your Program Advisor any questions you may have about our views with respect to a particular Strategy or Fund or review material available at the Program Website.

We make available to you and to Program Advisors a document that contains a description of the Strategy you select, referred to as a “Profile.” The Profile for each Strategy is also available on the Program Website. You should carefully read the Strategy Profile provided and understand the relevant objectives, styles and risks.

No claim is made that performance information contained in the Profile has been calculated according to any industry standards. Please note that any past performance shown on the Profile is not indicative of future results and your investment performance for any Strategy in your Account may differ from the information presented in the Profile for that Strategy. Your Account performance also may differ for a variety of other reasons,

including differences in the types, availability and diversity of securities that can be purchased, regulatory restrictions on the purchase of certain securities, economies of scale and other factors applicable to investments in large accounts, gains or losses caused by currency transactions and other considerations. After considering, among other factors, information and representations provided by the CIO as the manager of the Strategy model(s), we believe that the CIO’s past performance is reasonably representative of the investment style as it will be implemented in the Program by MAA and is sufficiently relevant for consideration by a potential or existing client.

*Please note that any past performance shown on the Profile is not indicative of future results and your investment performance for any Strategy in your Account will differ from the information presented in the Profile for that Strategy.*

### **Advisory Services Provided by Merrill and Certain Affiliates**

We will generally act as the portfolio manager for your Account as described in Item 4 at “Investment Strategy Services.” We act as both the wrap fee program sponsor and portfolio manager for the Strategies offered through the Program and receive the Program Fee as described in this Brochure. We also act as the portfolio manager in other wrap fee programs sponsored by us. We act as an investment adviser in certain investment advisory programs, like MGI and MEAA, which provide investment advisory services that are similar to the Program Services but are not the same. Additional information is available in “About Us and the Program” and in Item 4 at “Ability to Obtain Certain Services Separately and for Different Fees.”

### **Performance-Based Fees**

The Program does not charge performance-based fees. Certain mutual funds that may be constituent Funds as part of the Strategy you select, however, may be subject to performance-based fees or varying Fund expense charges that are imposed by the Fund’s manager, adviser or other party that are based on performance of the Fund.

### **Methods of Analysis**

The implementation and management of any Strategy will be dependent upon the CIO’s investment expertise, philosophy and process and will be supplemented by the Program Advisor understanding the Strategies and providing advice and guidance to you. To assist your Program Advisor, we have made available various resources, including: (1) investment guidance and management research and publications from the CIO covering macroeconomic and market events and Strategies and Funds and (2) information and assistance from other Merrill internal specialists and support teams. The use of such guidance and proprietary model portfolios does not assure or guarantee that investment performance will necessarily be profitable or consistent with the proprietary model portfolio.

### **Investment Strategies and Risk of Loss**

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Set forth below is a summary description of material risks related to the Services provided in the Program and investment strategies and products that have significant or unusual risks. *You should review any investment materials available from your Program Advisor about investments in your Account including any prospectuses and other offering material produced by issuers and sponsors of investment products.*

**Coronavirus and Public Health Emergencies.** As of the date of this Brochure, a novel and highly contagious form of coronavirus, SARS-CoV-2, and related respiratory disease as well as virus variations (“COVID-19”) has occurred. COVID-19 has resulted in illness and deaths, adversely impact global commercial activity and contribute to significant volatility in certain equity, debt, derivatives and commodities markets. The outbreak is global and has resulted in the implementation of quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Such measures and the general uncertainty surrounding the dangers and impact of COVID-19 create significant disruption in supply chains and economic activity and have a particularly adverse impact on a number of industries. In addition, the operations of Merrill and MAA, as well as the issuers and fund managers of investments available in the Program may be significantly impacted, as a result of COVID-19.

**Target Asset Allocation and Monitoring.** Any target asset allocations (including your Target Asset Allocation) or benchmarks, as applicable, referred to in connection with your Strategy or Account are not intended to be an assurance or guarantee of the performance of any investments in the Strategy or of the Account itself. There is no assurance that the performance results of any benchmark or index used in connection with a Strategy, including those shown in a Profile can be attained. Market movements and other factors (including withdrawals from an Account) may result in significant differences between the performance of your Strategy and any Target Asset Allocation for your Account.

In addition, you may impose Reasonable Investment Restrictions on your Account that may result in your Account being concentrated in one or a few sectors, industries or securities. Concentrated portfolios typically increase the risk and volatility of the Account and may result in a decrease in diversification. If you align External Assets to any Goal Target that you set for your Account, the composition of those assets, market volatility and conditions and changes that you may make to your External Asset holdings will have an impact on reaching your Goal Target.

**Lack of Diversification.** Merrill typically recommends that clients diversify their investments across multiple asset classes, issuers, sectors and industries to reduce the additional investment risk frequently associated with concentrated investments. You should understand that concentrated portfolios, including Accounts with a concentration in one asset class, typically result in increased risk and volatility and decreased diversification, which could result in losses. You may request that we follow certain guidelines or restrictions on your Account that may result in the Strategy being implemented in your Account being concentrated in one or a few

sectors, industries or securities. Concentrated portfolios typically increase the risk and volatility of an Account and may result in a decrease in diversification. We may determine not to accept such guidelines and/or restrictions.

**Using Your Account as Collateral.** You may take action to make Account assets “pledged” or used as collateral (if we consent) in connection with loans you obtain through certain Affiliated or unaffiliated loan programs, such as, the securities based lending Loan Management Account® and Mortgage 100®/Parent Power® mortgage programs (“Lending Programs”). Risks to your Account may be heightened in the event you pledge your Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investible assets.

The lender has the right to protect its own commercial interests and to take actions that adversely affect the management of your Account and related performance. Regardless of whether the lender is us or our Affiliate or a third-party lender, the lender’s lien is senior to any rights we may have on the assets in the Account. As such, the lender has the right to sell securities in the Account that serve as collateral, if needed. Neither you nor any of us (including our Affiliates), if applicable, may be provided with prior notice of a liquidation of securities or transfer of interests in your pledged Account. Furthermore, neither you nor we are entitled to choose the securities which are to be liquidated or transferred by the lender.

**Use of Strategies Where Merrill Is the Manager.** The Strategies currently available in the Program are those that are constructed, implemented and managed by MLPF&S (through the CIO) or one of its Affiliates. These Strategies are not subject to the same level of review that is applicable to third-party manager strategies that Merrill may offer in its other investment advisory programs.

**Information and Cyber Security Risks.** With the increased use of technologies to conduct business, Merrill and its Affiliates are susceptible to operational, information security, and related risks. In general, information and cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include unauthorized access to digital systems (such as through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (making network services unavailable to intended users).

Cyber incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting a Fund in which your Account invests. Fund managers and sponsors, issuers of securities and other interests in which such a Fund may invest, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial



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institutions (including financial intermediaries and service providers), and other parties.

We, as well as BofA Corp., manage information security risk and cybersecurity risks in accordance with internal policies that govern our comprehensive information security program that are designed to protect the firm by enabling preventative, detective and responsive measures to combat information and cybersecurity risks. There can be no assurance that we or our service providers, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While we have established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

### **General Risks Associated with Investments in your Account.**

All investments involve risk (the amount of which may vary significantly); investment performance can never be predicted or guaranteed; and the values of your assets will fluctuate due to market conditions and other factors. Investments made, and the actions taken, for your Program assets will be subject to various economic, geopolitical, and market conditions, such as changes in interest rates, availability of credit, inflation rates, global demand for particular products or resources, natural disasters, climate change, economic uncertainty, pandemics and epidemics (e.g. COVID-19), terrorism, social and political discord, debt crises and downgrades, regulatory events, governmental or quasi-governmental actions, changes in laws, and national and international political circumstances risks. Investments will not necessarily be profitable. You should review the offering materials and other disclosure available for each relevant Strategy and/or Funds to get an appreciation of its associated risks and fees.

We make no representations or warranties with respect to the present or future level of risk or volatility in your Account or the Strategy or investment's future performance or activities. You are assuming the risks involved with investing in the Strategies and the constituent Funds. You could lose all or a portion of the amount held in the Program. There is no assurance that the performance results of any benchmark or index used in connection with a Strategy, including those shown in a Profile, can be attained. Market movements and other factors may result in significant differences between the performance of your Account, your Account's Target Asset Allocation and the Strategy selected for your Account. For a discussion of conflicts of interest with the use of certain of these investments and securities, please review Item 9 at "Compensation, Conflicts of Interest and Material Relationships."

**ESG themed Strategies or Funds.** There are an increasing number of products and services that purport to offer environmental, social, and governance ("ESG") investment related strategies. The variability and imprecision of industry ESG definitions and terms can create confusion. Investment managers and product sponsors have designed their own approach to ESG investing and how they use ESG-related terms for their investment products. You should review the offering materials and Profiles to gain an understanding of how these managers and product sponsors define and use ESG screens and restrictions in connection with their investment products. Merrill and MAA do not undertake a review of these approaches other than as part of the CIO Review Process, including, where applicable, any ESG-related investment policy or process followed by the investment manager.

**Holdings of Securities that are linked to LIBOR.** Financial regulators and the industry are working to identify alternative reference rates (ARRs) to the London Interbank Offered Rate (LIBOR) for financial products and contracts that reference LIBOR, including for floating rate debt securities and preferred securities. LIBOR will no

longer be a reference rate that will be used for investments and LIBOR will cease to be published between December 31, 2021 and June 30, 2023 depending on the LIBOR tenor. ARRs that have emerged include the Secured Overnight Financing Rate (SOFR) and the Bloomberg Short-Term Bank Yield Index (BSBY). If you own LIBOR-linked investments, the cessation of LIBOR and the transition from LIBOR to ARRs, such as SOFR or BSBY, may have significant impacts to those investments, including impacts to their liquidity, value and potential performance. Additionally, if you have loans or other credit products that are priced using LIBOR, the cessation of LIBOR and transition to ARRs will affect these credit products.

ARRs have compositions, characteristics and calculation methodologies that may differ significantly from those of LIBOR, and may perform differently from LIBOR. These differences may have an economic impact on your investments and credit products, including your ability to maintain effective hedges for certain transactions. Your investments or credit documents may contain terms that address the transition process to ARRs; such terms may not adequately address the cessation of LIBOR and it may be difficult to determine a specific ARR based on such terms. It also may be challenging to modify these terms to provide for any particular ARR. Further, Merrill or its Affiliates may have a right to exercise discretion in selecting ARRs, and any ARRs selected may be inconsistent with, or contrary to, your interests or positions. There also may be a range of potential legal, financial, tax, accounting, regulatory, operational and/or other impacts that may be relevant depending on specific circumstances. We do not provide legal, tax or accounting advice. If you have LIBOR-linked investments or credit products, you should consult your legal, tax, financial and other professional advisors. You should review your investments' or credit products' particular terms, and specifically consider the impacts of the transition from LIBOR to ARRS. Additional information is available at [ml.com/articles/benchmark-interest-rate-reform](http://ml.com/articles/benchmark-interest-rate-reform). We intend to update the website periodically with additional information when available.

**Particular Risks about ETFs.** The Strategies you select generally consist of shares of, or interests in, ETFs. Below is a summary of certain risks relating to investing in ETFs that may apply to all or certain types of ETFs included in a Strategy. Please refer to the particular ETF prospectus for more information about the risks applicable for a particular ETF. If you would like a copy of a particular ETF prospectus, you may obtain one, free of charge, by contacting us at 888.654.6837 or via the Program Website.

ETFs are subject to risks relating to market trading that include the potential lack of an active market for ETF shares and disruptions in the creation and redemption process. Although ETF shares are listed on a national securities exchange, it is possible that an active trading market in the shares of a particular ETF may not develop or be maintained, particularly during times of severe market disruption. If ETF shares need to be sold when trading markets are not properly functioning, the ETF shares may be sold at a significant discount to their Net Asset Value ("NAV") or it may not be possible to sell them in the secondary market. Market and other disruptions also make it difficult for the ETF manager to accurately price its investments, thereby potentially affecting the ETF's price and performance. Similarly, an exchange or other markets may issue trading halts on specific securities or derivatives, which will affect the ability of the ETF to buy or sell certain securities or derivatives. In such circumstances, the ETF may be unable to rebalance its portfolio or accurately price its investments and may incur substantial trading losses.

ETFs that seek to track the performance of a specified underlying index ("Index ETFs") are not actively managed and the investment advisers of such ETFs do not attempt to take defensive positions in declining markets. Therefore, Index ETFs may be subject to greater

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losses in a declining market than a fund that is actively managed. A number of factors may affect an Index ETF's ability to achieve a high degree of correlation with its underlying index, and there can be no guarantee that an ETF will achieve a high degree of correlation with its underlying index either on a single trading day or for a longer time period. Factors such as ETF expenses, imperfect correlation between the ETF's investments and the components of the underlying index, rounding of share prices, changes to the composition of the underlying index, regulatory policies, a high portfolio turnover rate, and the use of leverage all contribute to tracking error and correlation risk. Failure to achieve a high degree of correlation may prevent an ETF from achieving its investment objective and cause the ETF's performance to be less than you expect.

As an ETF shareholder, you, along with other shareholders of the ETF, will bear a proportionate share of the ETF's expenses, including, as permitted by applicable law, certain management and other fees, which may be payable to us or a Related Company. An ETF's prospectus contains a description of its fees and expenses. When you invest in an ETF, you will indirectly pay a proportionate share of the ETF's costs for services that may be similar to, or duplicative of, services rendered as part of the Program and paid for directly through the Program Fees.

**Particular Risks about Mutual Funds and Non-traditional Funds.** The Strategies you select may invest in shares of, or interests in, mutual funds. Please refer to the particular mutual fund prospectus for more information about the risks applicable for that mutual fund. If you would like a copy of a particular mutual fund prospectus, you may obtain one, free of charge, by contacting us at 888.654.6837 or via the Program Website.

The CIO may determine to invest in shares of or interests in Non-traditional Funds ("NTFs"). NTFs are mutual funds and ETFs registered with the SEC that we classify as "Alternative Investments" as an asset class because their principal investment strategies utilize alternative investment strategies (including short selling, leverage and derivatives as principal investment strategies) or provide for alternative asset exposure as the means to meet their investment objectives. NTFs may not have the same type of non-market returns as other types of Alternative Investments since NTFs have a relatively liquid and accessible structure with daily pricing and liquidity, are subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums.

As a constituent Fund shareholder, you, along with other shareholders of the Fund, will bear a proportionate share of the constituent Fund's expenses, including, as permitted by applicable law, certain management and other fees which may be payable to us or a Related Company. The constituent Fund's prospectus or other disclosure document contains a description of its fees and expenses. Not all constituent Fund fees and expenses are applicable to every Strategy offered. If you invest in a Fund, you will indirectly pay, through the Fund's net asset value, a proportionate share of the Fund's costs for services that may be similar to, or duplicative of, services rendered as part of the Program and paid for directly through the Program Fees.

The fees and expenses incurred by any constituent Fund purchased for you through the Program may be in addition to certain of the expenses covered by the Program Fee. Among other services provided, we or our Related Companies may effect transactions for any of these constituent Funds, and any compensation paid to us or our Related Companies by the mutual funds, or their Affiliates, is in addition to the Program Fee. Due to the additional economic benefit to us or our Related Companies when assets in your Account are invested in a mutual fund, a conflict of interest exists.

We attempt to address this conflict by selecting constituent Funds based on the investment merits of the particular investment products and not based on the compensation that we and our Related Companies earn and through the disclosure in this Brochure. For more information about other compensation Merrill or its Related Companies may receive in connection with the Program, see Item 9 at "Compensation Received by Us and Our Affiliates."

### Tailored Investment Advice

Under the Program, you set a Target Asset Allocation for your Account based on certain factors provided by you and select a Strategy for each Account in the Program. You also may request that we impose Reasonable Investment Restrictions. If you have an investment policy statement or other investment guidelines ("IPS"), it is your responsibility to ensure that the IPS is properly reflected in your responses inputted into the Online Profiling Process and to the Program Advisor, including any investment restrictions. We do not have any responsibility to review, monitor or adhere to any IPS relating to your Account. Adherence to your IPS is solely your responsibility. To the extent the terms of such IPS conflict with a Strategy you select under the Program, by signing the Agreement, you have agreed that the terms of such IPS were amended to incorporate by reference such investment or Strategy.

### Voting Client Securities

You have the right to vote proxies for securities held in your Account and will retain proxy voting authority for such securities. You cannot delegate to us and we do not accept any proxy voting authority for securities held in your Account.

## Item 7. Client Information Provided to Portfolio Managers

As part of the enrollment process, we elicit information about your financial circumstances, risk tolerance, time horizon and other relevant information relating to your Account. In managing your assets, we rely on information you provide and it is your responsibility to notify us promptly of any updates to such information. You can do this by updating your Account information through the Program Website or by phone at 888.654.6837.

In the Agreement you represent to us that you will provide us with information that is accurate and complete in all material respects. It is your responsibility to notify us promptly of any material changes to the information you furnish to us, since failure to do so could affect the suitability of the Services being provided. We will not be required to verify the accuracy of any such information.

## Item 8. Client Contact with Portfolio Managers

We will make one or more of our advisory or investment personnel reasonably available for consultation with you, if you request.

## Item 9. Additional Information

### Disciplinary Information

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your



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decision of whether to retain us for your investment advisory needs. You can find additional information regarding these settlements in Part 1 of Merrill's Form ADV at: [adviserinfo.sec.gov/IAPD](http://adviserinfo.sec.gov/IAPD).

On April 17, 2020, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) of the Advisers Act. Specifically, the order found that from January 1, 2014 to May 31, 2018, it failed to disclose in its Form ADV or otherwise the conflicts of interest related to (1) its receipt of 12b-1 fees and/or (2) its selection of mutual fund share classes that pay such fees. During this period, MLPF&S received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. In determining to accept the offer of settlement, the SEC considered that MLPF&S self-reported to the SEC pursuant to the SEC's Share Class Selection Disclosure Initiative and had completed a number of the undertakings in the order prior to issuing the order. In the order, MLPF&S was censured and ordered to cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act. It was also ordered to make disgorgement payments of \$297,394 and prejudgment interest payments of \$27,982 to affected investors.

On August 20, 2018, the SEC announced that MLPF&S, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered MLPF&S' remedial acts promptly undertaken and cooperation afforded the SEC staff. MLPF&S consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

On June 16, 2014, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement relating to its failure to have an adequate supervisory system to ensure that certain clients received sales charge waivers for purchases of certain mutual funds' Class A shares which affected certain retirement accounts and certain clients with a particular type of brokerage account. This settlement resulted from MLPF&S self-identifying certain of these issues. MLPF&S consented to the imposition of a censure and a fine of \$8 million and agreed to provide additional reimbursement to the agreed upon impacted clients and has reimbursed all such impacted clients.

On June 21, 2012, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement related to the following: (1) failure to have an adequate supervisory system around billing processes for certain investment advisory programs and, as a result, overcharging certain client accounts during the 2003-2011 time period (client accounts impacted were less than 5% of its

total advisory accounts and the aggregate fee overcharge amount was less than 1/2 of 1% (approximately \$32 million) of the total advisory fees billed during that period); (2) failure to send contemporaneous or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) having inaccurate or incomplete trade confirmations for certain mutual fund transactions by failing to state trade capacity (agent or a principal) on trade confirmations and account statements; (4) failure to deliver (directly or through a vendor) proxy materials to certain clients or to their designated investment advisers and failure to have an adequate supervisory system to detect this failure (clients impacted constituted less than 1% of its clients during the relevant period); and (5) failure to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts (clients impacted were less than 1% of its clients during the relevant period). In determining the appropriate sanctions, FINRA considered MLPF&S' internal review through which it identified the violations, the remedial measures that it took to correct its systems and procedures, and its efforts to provide remediation to affected clients. MLPF&S consented to the imposition of a censure and a fine of \$2.8 million. All overcharged accounts were reimbursed.

### Other Financial Industry Activities and Affiliations

Merrill, an indirect wholly owned subsidiary of BofA Corp., is a leading global wealth management firm and a registered broker-dealer and investment adviser. In the United States, Merrill acts as a broker (*i.e.*, agent) for its corporate, institutional and private clients. Through its own arrangements and through its Affiliate, BofA Securities, Inc., it has access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. We also act as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options.

Merrill operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. MAA, an indirect wholly owned subsidiary of BofA Corp., is a registered investment adviser that provides investment advisory services to clients that establish accounts under the Program and other investment advisory programs, including the IAP, MEAA and MGI.

As registered investment advisers, Merrill and MAA complete Form ADVs, which they publicly file with the SEC (available at [adviserinfo.sec.gov/IAPD](http://adviserinfo.sec.gov/IAPD)). For purposes of Form ADV Part 2, certain MLPF&S and/or MAA management persons are registered as registered representatives or associated persons of Merrill. In the future, certain MLPF&S and/or MAA personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

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BofA Corp., through its subsidiaries and Affiliates, including us, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include: (1) securities brokerage, trading and underwriting; (2) investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; (3) wealth management products and services including financial, retirement and generational planning, asset management and investment advisory and related record-keeping services; (4) origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; (5) securities clearance, settlement financing services and prime brokerage; (6) private equity and other principal investing activities; (7) proprietary trading of securities, derivatives and loans; (8) banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; (9) insurance and annuities sales; and (10) providing research, including about global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy. BofA Corp. is subject to the reporting requirements of the Exchange Act, and additional information about BofA Corp. can be found in publicly available filings with the SEC.

**Conflicts of Interest and Information Walls.** Merrill, MAA and their parent company, BofA Corp., engage in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize that actual, potential and perceived conflicts of interest develop in the normal course of operations in various parts of the BofA Corp. organization. To address these conflicts, information walls are in place which are designed to allow multiple businesses to engage with the same or related clients at the same time, while mitigating any conflict arising from such a situation. For example, information walls are designed to prevent the unauthorized disclosure of material nonpublic information and allow public side sales, trading and research activities to continue while other businesses within the BofA Corp. organization possess material nonpublic information. Additionally, BofA Corp. maintains a Code of Conduct which provides guidelines for the business practices and personal conduct all associates and board members are expected to adopt and uphold.

Managing conflicts of interest is an integral part of BofA Corp.'s risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Each of BofA Corp., BofAS, Merrill and MAA evaluates its respective business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid or manage the conflict.

### Code of Ethics

Each of MLPF&S and MAA has adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering its personnel who

are involved in the operation and offering of investment advisory services. Each Code of Ethics is based on the principle that clients' interests come first, and it is intended to assist employees in meeting the high standards that each of MLPF&S and MAA follows in conducting its respective business with integrity and professionalism. Each Code of Ethics covers requirements relating to employees complying with all applicable securities and related laws and regulations; reporting and/or clearance of employee personal trading; prevention of misuse of material nonpublic information; and the obligation to report possible violations of the Code of Ethics to management or other appropriate personnel. Covered personnel must certify to the receipt of the Code of Ethics. We will provide a copy of each Code of Ethics to you upon request.

MLPF&S and MAA have each imposed policy restrictions on all personnel for transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring that certain personnel obtain specific approval of securities transactions and have implemented procedures for monitoring these transactions, as well as those of all our employees. Our requirements impose certain responsibilities on Program Advisors and their trading. They are permitted to participate in block trades along with their clients and/or other Program clients.

MLPF&S and MAA each acknowledge that it is subject to fiduciary responsibilities under the Advisers Act when it provides the investment advisory services pursuant to the Agreement.

### Compensation, Conflicts of Interest and Material Relationships

#### Benefits from Your Enrollment in the Program

We (including our Affiliates) and your Program Advisor (whether an FSA or MFSA, as the case may be) and other of our employees benefit from the fees and charges paid by you and other clients for the Services described in this Brochure. The amount of compensation we and your Program Advisor earns also varies depending on the type of investment advisory program, service or product offered. These differences create a conflict of interest in that there is a potential financial incentive for your Program Advisor to recommend or select certain investment advisory programs, services or products based on the nature of the compensation they will receive.

Program Advisors who recommend rolling over assets from an employer-sponsored retirement plan (such as a 401(k) plan) into an Individual Retirement Account (IRA) or other similar account (a "Plan Rollover") and enrolling that account into the Program receive compensation or benefit based on the amount of funds transferred. There is a financial incentive for a Program Advisor to recommend a Plan Rollover because the enrollment into the Program will generate compensation to Merrill and benefit the Program Advisor. While Program Advisors who recommend a Plan Rollover do not necessarily receive compensation based on the amount of funds transferred, they have financial incentive to recommend a Plan Rollover because the subsequent or related enrollment into the Program will increase the number of accounts serviced by the Program Advisor and help them achieve certain performance goals.

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The amount of compensation we receive from your enrollment in the Program may also be more or less than the compensation that would be received if you had instead participated in other investment advisory programs offered by MLPF&S or its Affiliates or if you had engaged in the investment activities in a brokerage securities account. If there is higher compensation to us, a Program Advisor has a financial incentive to recommend this Program over other programs or other services offered by us (or our Affiliates).

We, through our Program Advisors, may suggest or recommend that clients, including Program clients, use our securities account, execution and custody or other services for investment activity, or such services of an Affiliate. Similarly, our Program Advisors may suggest or recommend that you purchase our products or our Affiliates' products. When you engage in brokerage activities and/or you use or purchase Merrill's or our Affiliate's services or products, we and our Affiliates will receive fees and compensation. Our Program Advisors may, as permitted by applicable law, receive compensation (the amount of which varies) in connection with these activities, products and services.

We address these conflicts from compensation described in this section and throughout the Brochure in a variety of ways, including, disclosure of various conflicts in this Brochure. Moreover, our Program Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs and considering cost. In addition, we have established a variety of restrictions, procedures and disclosures designed to address actual and potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business.

### Compensation Approach for FSAs and MFSAs

FSAs receive compensation from MLPF&S in the form of a salary and certain incentive awards related to the amount invested in the Program and other of our affiliated programs. Program Advisors who introduce clients to the Program and provide on-going services to such clients receive compensation from us.

MFSAs receive compensation from us in the form of a base salary and certain performance based incentive payments. MFSAs are eligible to participate in incentive and recognition programs that are based on total production, total revenue, length of service, total assets in accounts that he or she services, and such other criteria as Merrill may establish from time to time. The relevant participation criteria are measured across multiple investment products and services offered by Merrill and have been designed and implemented to mitigate any incentive or conflict to favor any one investment product or service. MFSAs meet certain performance goals when clients enroll in IAP and may create a conflict when deciding to recommend IAP over this Program or other programs.

MFSAs are not eligible to offer a full complement of brokerage products and solutions. MFSAs under current guidelines are not paid commissions or sales charges for any brokerage products or solutions that they are qualified to recommend or execute for their clients. Under our internal policies, MFSAs may also recommend

and provide investment advisory services to their clients under IAP. As described in IAP's brochure, MFSAs are limited by Merrill policies to offering only certain investment strategies in IAP, including certain of the Strategies available in this Program, to their clients at a fee rate that is specified by our internal policies.

We address conflicts of interest related to Program Advisor compensation and other financial incentives described in this section and throughout the Brochure in a variety of ways, including the disclosure of the conflicts in this Brochure and the implementation of certain restrictions, procedures and disclosures designed to address these actual and potential conflicts of interest. Moreover, Program Advisors are required to recommend investment advisory programs, investment securities and services that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs and considering cost.

### Variable Compensation by Product and Service

The indirect compensation we receive from the sale of an investment product or security, vary based on the investment product type and the investment product itself. Depending on the type of security or investment product, third-party product providers, including fund managers or sponsors, asset managers and insurance companies, pay us compensation for various services and support and these payments also vary depending on the type of security or investment product. While Program Advisors under the Program do not receive such indirect compensation, the variable nature of third-party payments create a conflict of interest because we may earn greater compensation from the sale of one type of investment product over another.

The variable nature of third-party payments creates a conflict of interest because we are incentivized to recommend products for which we earn greater compensation rather than other alternatives. In addition, we receive certain payments from mutual fund providers when a mutual fund is used to provide exposure to the investment strategy, like sub-accounting fees. Not all securities and investment products make such payments to us or our Affiliates.

We attempt to address this conflict through the disclosure in this Brochure and by the CIO selecting investment products and Funds based on the investment merits of the particular investment products and not based on the compensation we receive in providing certain services or under certain arrangements with third-party product providers. We also determine the compensation paid to our Program Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Program Advisors do not have an incentive to recommend certain Strategies over others because they do not receive additional compensation as a result of these types of arrangements. In addition, we select investment products and solutions that are available and offered through the Program as well as in our brokerage accounts and other investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. For additional information, please review "Sub-accounting Services and Affiliate Compensation," "Arrangements relating to Mutual

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Funds,” and “Compensation Received by Us and Our Affiliates; Affiliated Products” in this section below.

### Sub-accounting Services and Affiliate Compensation

We only make available in the Program mutual funds and money market funds (each, a “fund”) that pay us to provide the required associated sub-accounting and other services. These sub-accounting and other services include aggregating and processing purchases, redemptions, exchanges, dividend reinvestment, consolidated account statements, tax reporting and other related processing and recordkeeping services (together, “sub-accounting services”).

Under agreements with each of these funds (or their respective principal underwriter or other agent), we provide daily sub-accounting services (either directly or through a subsidiary) to the holders of these funds maintaining shares in an Account as well as in other Merrill securities accounts and receives the agreed-upon sub-accounting services fee. This cost is either borne by the fund (like other fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent. These service arrangements and the amount of the compensation vary by fund types, fund and by share class. These fees and fee rates are subject to change from time to time and may be received individually or as part of a “bundled” arrangement that includes other types of fees, such as administration and distribution payments.

Depending on the specific arrangements, we will receive sub-accounting services fees from or on behalf of the mutual fund of either an asset-based fee up to 0.10% per annum or up to \$16 annually per client position in the mutual fund. For money market mutual funds, the sub-accounting services asset-based fee is generally 0.005% per annum. Due to applicable regulation, we do not retain compensation for sub-accounting services for funds held in Retirement Accounts.

We have a conflict of interest in selecting certain fund products (or share classes) for inclusion as part of the Strategies available to you. Certain mutual funds or share classes that would otherwise meet our criteria for inclusion as part of the Strategies but whose principal underwriters, agents or sponsors do not agree to pay the sub-accounting services fees that we charge will not be selected, thereby limiting the available universe of funds (and share classes) available to you. In addition, the amount of the sub-accounting services fees paid for these services varies among funds and, in certain instances, between share classes of individual funds. This results in a conflict of interest because it creates an incentive for us to recommend that you invest in funds and share classes that pay higher fees. We will receive higher sub-accounting fee payments from fund families that have higher fund assets held in our clients’ accounts because the service fee calculation is based off of the level of the asset holdings. Additionally, there is a benefit to us because the aggregate amount of the sub-accounting fees exceed the costs to provide these services.

We address these conflicts of interest in the following ways. We disclose the nature of our sub-accounting service arrangements.

We also determine the compensation paid to our Program Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Program Advisors do not have an incentive to recommend certain funds over others because they do not receive additional compensation as a result of these types of arrangements. In addition, we and our Affiliates select funds that are available through the Program as well as in our brokerage accounts and in other of our investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy.

### Arrangements relating to Mutual Funds

For constituent mutual funds that are part of a Strategy, your assets are generally invested in the lowest cost share class available to you for a mutual fund available in the Program. The Program-eligible fund share classes vary depending on the fund, its roster of share classes and our agreements with the funds. In general, the share classes that are eligible for the Program do not have annual asset based fees like Rule 12b-1 fees, although there are some mutual funds available in the Program that have such fees due to share class availability or legacy positions that are pending conversion to an eligible share class. Certain mutual funds offer a fund share class that does not include a sub-accounting services fee. Accordingly, you should not assume that you will be invested in the share class with the lowest possible expense ratio that the mutual fund provider makes available to the investing public.

In addition, the share class of money market funds available will not necessarily be the lowest cost share class available from the money market fund. It is generally in your best interest to purchase lower-fee share classes because your returns are not reduced by additional fees and expenses. For clients in the Program, neither the CIO who manages the Strategies nor the Program Advisor has an incentive to recommend or select share classes that have higher expense ratios because their compensation is not affected by the share class selected.

From time to time a fund may authorize us to make available to clients participating in the Program a class of shares of such fund with a lower fee structure that we believe is more beneficial to you than the class of shares previously made available in the Program. Where such exchange is available, under the authority provided to us under the Agreement, we will effectuate an exchange to the other class of shares of this Fund with the lower fee structure as promptly as practicable.

For additional information on mutual funds and money market funds you can review our “Mutual Fund Investing at Merrill Lynch” document available on the Program Website or at [ml.com/funds](http://ml.com/funds) or upon request.

### Compensation Received by Us and Our Affiliates

**Affiliated Products.** Separate and apart from the Program, Merrill, through its Program Advisors or other associates, may suggest or recommend that you use the Merrill securities account and our execution and custody or other services for other of your



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investment activity or use the services of our Affiliates. Similarly, Program Advisors or other Merrill associates may suggest or recommend that you purchase our products or those of our Affiliates. Where you use or purchase our or our Affiliate's services or products, we and our Affiliates will receive fees and compensation. Program Advisors will, as permitted by applicable law and our policies, receive compensation (the amount of which varies) in connection with these products and services.

**Principal Trading and Agency Cross Transactions.** Through its Affiliates (including BofAS), Merrill may execute certain transactions on a principal basis. In addition, our Affiliates can act in a principal capacity under certain circumstances when we execute transactions for your Account. In a trade executed in a principal capacity, our Affiliate can act as your trade counterparty and it can act as a market maker for, or have a proprietary position in, the securities that are the subject of the transaction.

We and our Affiliates receive compensation in connection with principal transactions, including markups, markdowns, underwriting discounts, selling concessions and other compensation. We can profit from transacting as your counterparty or having proprietary positions in the subject securities. Moreover, we have an incentive to recommend a transaction in a security that our Affiliate maintains in inventory that is otherwise difficult to sell. Where permitted, Merrill may engage in agency cross transactions when it acts as agent for both buyer and seller in a transaction. If this type of trading execution occurs, since Merrill generally receives compensation from each party to an agency cross transaction, there is a conflict of interest between our obligations to you and to the other party to the transaction.

**Cash Sweep Program.** For cash balances in your Account, our Bank Affiliates benefit financially when your cash is held in its bank deposit accounts affiliated with the Cash Sweep Program because bank deposits are used to fund their lending, investment and other business activities. Their profitability is determined, in large part, by the difference between the interest paid on the bank deposit and the interest or other income earned on loans, investment and other assets which may be funded in part by bank deposits. In addition, the Bank Affiliates determine the interest rate paid to depositors in the Cash Sweep Program.

The greater the amount of the cash balance maintained in your Account (which is as a result of a recommendation from CIO) that is swept into a Cash Sweep Program bank deposit account and the lower the interest rate paid on the related bank deposit, the more our Bank Affiliates benefit. The interest rate paid to you by our Bank Affiliates will likely be lower than the interest rates available on other deposit account types at the Bank Affiliates or on comparable deposit accounts at other banks. Generally, the rate you earn through the Cash Sweep Program will be lower than yields on other cash alternatives that are available for investment outside of the Cash Sweep Program, such as money market funds.

If you choose the "No Sweep" option, we also benefit from the custody or use of uninvested cash balances in your Account. As a registered broker-dealer, Merrill also benefits from the possession or use of any free credit balances in your Accounts, subject to restrictions imposed by federal securities laws and regulations.

## Relationships with Asset Managers and Sponsors

**Third-Party Firm Business Relationships.** We and our Affiliates have business relationships with investment managers, Fund managers, distributors and sponsors, and insurance companies and other product providers ("Third-Party Firms").

We or our Affiliates may effect transactions in the ordinary course of business for a Fund offered through the Program and with Fund managers, sponsors and affiliated advisers. Any compensation paid to us or our Affiliates by the fund manager or sponsor or any of their Affiliates, is additional compensation to us for services we and our Affiliates provide to them. Third-Party Firms may direct their clients' transactions to us. We may also make available to them research, execution, custodial, pricing and other services in the normal course of business. Any compensation paid to us or our Affiliates is additional compensation to us for services we and our Affiliates provide to them.

Merrill has agreements with Third-Party Firms relating to the offering and distribution of Third-Party Firm investment products to our clients. Merrill works with Third-Party Firms to provide information to our registered representatives, including Financial Solutions Advisors, about investment products of Third-Party Firms that are available in a securities brokerage account or through our investment advisory programs.

It is possible that these Third-Party Firm relationships create a conflict of interest and affect opportunities to negotiate more favorable financial terms for client investments in the products of the Third-Party Firms. We disclose the nature of our relationship in general with Third-Party Firms and compensate our registered representatives (including Program Advisors) and other employees involved with the Program through a salary that is not based on sales of Third-Party Firm products. Additionally, we and our Affiliates select funds that are available for selection as constituent Funds in Strategies we offer based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of such compensation and other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest.

**Third-Party Firms' Cost Sharing for Training Events and Other Meetings.** Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences for Merrill personnel as well as in conferences that Merrill or its Affiliate hosts for clients ("Training Events"). Third-Party Firms electing to participate in a particular Training Event will share in the cost of the Training Event. The amount that a Third-Party Firm will contribute towards the expenses of a Training Event will vary depending on, among other things, the number of events in which a Third-Party Firm participates. There is no requirement that Third-Party Firms provide any such support or payments in order for us to make available their investment products to our clients. For 2021, the total support received from participating Third-Party

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Firms for these Training Events was approximately \$100,000 in light of the restrictions relating to Covid-19.

In addition, certain Third-Party Firms periodically participate in meetings that provide our Merrill personnel including Program Advisors with information on their platform of products and services and with the opportunity to interact with a Third-Party Firm's management and investment personnel. These meetings and events typically occur at a location determined by the Third-Party Firm or at our local branch offices. Certain Third-Party Firms also may help to support client and prospect events, like seminars, trade shows and booth events and to support charitable events through contributions. Third-Party Firms may share in the costs of these types of meetings and events. Third-Party Firms are not permitted to pay for, or contribute to the cost of, travel, accommodation or continued education administrative fees for Merrill personnel. The amount that a Third-Party Firm may contribute to the costs of these Training Meetings and other meetings and events is not dependent or related to the amount of assets invested by you or any other of our clients in or with the products or services of the particular Third-Party Firm. For 2021, the total support from participating Third-Party Firms for these types of meetings and events was approximately \$640,000.

The participation of, and the costs sharing by a Third-Party Firm in Training Events and other meetings and events present conflicts of interest because they create incentives for us to recommend products of the participating Third-Party Firms. Neither we nor our Affiliates incentivize Program Advisors or other personnel to recommend products or services of a Third-Party Firm that contributes to these Training Events and other meetings over those that do not. Further, Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. However, Third-Party Firms who participate in the Training Events and other meetings and events described above have more opportunities to interact and build relationships with our employees which creates a conflict of interest to the extent this leads our employees to determine to include the products and services of these Third Party Firms in particular Strategies.

### **Gifts, Meals & Entertainment Third-Party Firm Office**

**Access.** We have adopted a policy that restricts Third-Party Firm representatives from providing, and our Program Advisors and other employees from receiving, gifts, meals and entertainment, other than items of a promotional nature related to the Third-Party Firm (*i.e.*, logo items, like golf balls and hats). Representatives of Third-Party Firms will, from time to time, meet and work with Program Advisors and other of our employees to provide information and support regarding the Third Party Firms' respective investment products. The Third-Party Firms are not permitted to condition their meetings with our personnel or promotional gifts on any amount of sales of their investment products and Merrill does not incentivize its Program Advisors and employees to recommend or select one investment product over another.

### **Offering of Investments or Programs Managed by Us or Our Affiliates**

Our Affiliates and related business divisions, such as BANA, offer their own managed products or wrap programs that are similar to

this or other Merrill programs. Advice and/or recommendations provided to accounts in these programs will be different from, or even conflict with, the advice and guidance provided in connection with the Program, including as to recommendations and review determinations. This is due to, among other things, the differing nature of our Affiliate's investment advisory services and differing processes and criteria upon which determinations are made.

Further, although the CIO releases information and analyses about a Strategy or a Fund to all Affiliates simultaneously and BofA Global Research may make its research opinions and research reports available regarding securities and research strategies at the same time, it is possible that such Affiliates will act on that information before Merrill or MAA have had the chance to evaluate and act on those changes. Accounts participating in a Merrill program that commences trading after those of other Affiliates may be subject to price movements, particularly with large orders or where securities are thinly traded, that would cause them to receive prices that are less favorable than those obtained by Affiliates.

We do not currently offer any Related Funds. We may, however, include Related Funds as an investment product available in the Program in the future. If offered as an eligible investment in the Program, we would benefit from our economic interest in such entities or their Affiliates when they receive compensation for providing investment advisory, administrative or other services to any such Related Funds. We would address these conflicts by disclosing them in this Brochure.

### **Provision of Diversified Financial Services by Us and our Affiliates**

BofA Corp. is a diversified financial services company that generally seeks to provide a wide range of services to retail and institutional clients for which it receives compensation. As a result, we, BofA Corp. and our Affiliates can be expected to pursue additional business opportunities with the entities whose investments Merrill and its Affiliates make available through the Program. Consistent with industry regulations, these services that we and our Affiliates provide include banking and lending services, sponsorship of deferred compensation and retirement plans, recordkeeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, licensing arrangements involving indices and effecting portfolio securities transactions for our clients.

In addition, from time to time, BofAS and other of our Affiliates may acquire equity stakes in market centers (e.g., national securities exchanges or alternative trading systems) as part of a strategic investment and therefore stand to participate as a shareholder and investor in the profits that each market center realizes in part from the execution of securities transactions, including transactions for your Account. Additional information regarding these relationships are publicly available in Regulation NMS Rule 606 reports we file with the SEC.

From time to time, Merrill may offer to clients or potential clients certain promotions or rewards in connection with opening,

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maintaining or adding assets to a Merrill securities account. Such promotions or rewards may include, by way of example, the payment of a cash reward. The promotions may require a client to request to receive or participate in the promotion or reward, and/or require a client to meet various eligibility criteria. While these promotions or rewards may extend to a client's Merrill securities account that holds assets in the Program, participation in the Program is not a condition for these promotions or rewards.

### **Participation or Interest in Client Transactions and Conflicts of Interest**

There are various ways that we can be viewed as participating or having an interest in client transactions. These situations and any conflicts of interest arising from such activities, execution approach or other capabilities we offer in the Program are discussed in this section and throughout the Brochure.

#### **Cash Balances and Cash Sweep Program**

As further described in "Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature" in Item 4, cash balances may be held in your Account for a number of different reasons, including as part of a Strategy's asset allocation to cash. To the extent Merrill through its CIO does not select a cash alternative vehicle for your Account's cash allocation, there is a conflict of interest between you and us because the cash allocation will be maintained in your Account as a cash balance. For most clients, cash balances will be swept to bank deposit accounts at our Bank Affiliate through the Cash Sweep Program.

Our Bank Affiliates use bank deposits to fund their lending, investment and other business activities. Their profitability is determined, in large part, by the difference between the interest paid on the bank deposit and the interest or other income earned on loans, investment and other assets which may be funded in part by bank deposits. In addition, Bank Affiliates determine, the interest rate paid to depositors in their deposit accounts. See "Compensation Received by Us and Our Affiliates-Cash Sweep Program" above.

The only sweep vehicle currently available to you is a bank deposit account at our Bank Affiliate. The greater the amount of the cash balance maintained in your Account (which will be based on a recommendation from us through the CIO) that is then swept to a bank deposit account at a Bank Affiliate and the lower the interest rate paid on the related bank deposit, the more our Affiliates will benefit.

The interest rate paid to you by our Bank Affiliates will likely be lower than the interest rates available on other deposit accounts at the Bank Affiliate or on comparable deposit accounts at other banks. Generally, the rate you will earn on a deposit account at a Bank Affiliate through the Cash Sweep Program will be lower than yields on cash alternatives, such as money market funds that are available for investment through the Program. When selecting a Strategy for your Account, you should speak with a Program Advisor regarding cash balances and the management of cash allocations in your Account. For additional information, please see Item 4 at the section "Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature."

We address the conflicts of interests associated with the Cash Sweep Program and our Bank Affiliate deposit accounts in a variety of ways, including through disclosure in this Brochure. We also calculate the compensation paid to Program Advisors and other associates on the same basis for all Program assets without regard to the amount of cash balance we or our Affiliates receive. We have adopted various policies and procedures reasonably designed to prevent the cash sweep arrangement compensation and other business arrangements from affecting the nature of the advice we and our associates provide, although such policies and procedures do not eliminate such conflicts of interest.

As a registered broker-dealer, Merrill also benefits from the possession or use of any free credit balances in your Accounts, subject to restrictions imposed by Rule 15c3-3 under the Exchange Act.

#### **Participation in Affiliate Lending Programs and Margin**

There are conflicts of interest when you use a loan from Merrill or one of its Affiliates secured by your Account assets as collateral. These conflicts exist with a margin loan from Merrill or with any of our Affiliate lending programs that may be available to you from an Affiliate lender.

Specifically, in the case of a margin loan, we receive interest payments on the margin loan, and a Program Advisor receives incentive compensation. Likewise, in the case of a loan from our Affiliate, including but not limited to the Loan Management Account® product ("LMA® account"), the Affiliate lender intends to derive a profit as lender based on interest and/or fees, if any, charged on the loan.

The lender, whether it be Merrill or its Affiliate, has a lien on your Account assets that are used as collateral for the loan. The lender will act to protect itself as lender in connection with the loan, and this may be contrary to your interests and/or investment objectives. This lien also creates a conflict of interest with respect to the recommendations we make to you. For example, your Program Advisor may recommend that you allocate your Strategy to an Account that has our Affiliate lender's lien rather than to another Account without such lien. Another example is that your Program Advisor may recommend a less risky Strategy in order to minimize the risk of loss with respect to the Affiliate lender's collateral. Furthermore, a Program Advisor is compensated based on the loan referral and this means he or she can benefit from your borrowing under the lending program, rather than liquidating assets held in the Account. Please refer to Item 6 at the section "Investment Strategies and Risk of Loss" for additional information.

#### **Activity by Merrill, its Personnel, and Affiliates**

We and our Affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information will be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, we may give advice or take action with regard to certain clients, including clients in the Program, which differs from that given or taken with regard to other clients. This includes the advice given or actions taken for certain securities, mutual funds, ETFs or investment

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managers. In some instances, the actions taken by our Affiliates for similar services and programs may conflict with the actions taken by us. This is due to, among other things, the differing nature of our Affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

From time to time, a shareholder of BofA Corp. may acquire a sufficiently large interest in BofA Corp. that the holding triggers statutory or regulatory obligations or restrictions. In such event, our ability to take certain actions or make recommendations within your Account, such as buying or selling securities issued by the shareholder or its Affiliates, will be limited.

We and our Affiliates provide some or all of the same services offered in the Program through other firms, affiliated or unaffiliated with us, which offer programs similar to the Program at fee rates that differ from the Program Fee.

From time to time, however, a Fund selected for a Strategy may invest in securities issued by BofA Corp. or its Affiliates to achieve its investment objective. Any such investments by a Fund are required to comply with the applicable provisions of the Investment Company Act, including limitations on investments in securities-related businesses, and will not be influenced by MLPF&S or MAA.

Our employees, including Program Advisors, may refer clients to BANA, BofAS and other Affiliates for financial services that they provide, including transaction execution and investment banking services and products (including banking products). Similarly, employees of BANA and its Affiliates may refer clients to us for brokerage and investment advisory services. These referrals may involve the payment of referral fees between us and BANA or its Affiliates. As permitted by applicable law, Program Advisors receive compensation for referring clients to our Affiliates, the amount of which varies by service and product and can be significant. This results in a conflict of interest because we are incentivized to introduce services that provide us or our Affiliates additional compensation.

We address these conflicts in a variety of ways. We disclose these arrangements and conflicts in this Brochure. In addition, we have our policies that require our Program Advisors to recommend investment advisory programs, investment products and securities that are suitable for each client based upon investment objectives, risk tolerance and financial situation and needs. We also have a variety of restrictions, procedures and disclosures designed to address actual or potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business (e.g., personal trading preapprovals, self-reporting, restrictions on our personnel detailed in our policies and procedures and Code of Ethics). We have also adopted various policies and procedures reasonably designed to prevent the receipt of any referral compensation and other business arrangements from affecting the nature of the advice we and our Program Advisors provide, although such policies and procedures do not eliminate such conflicts of interest.

### Trade Execution

**Principal Trading.** We or our Affiliate may execute transactions in your Account on a principal basis (that is, when we or an Affiliate sell a security to you, or buy a security from you, for our own

account) as permitted by law, and upon your consent (when required by applicable regulations). Principal transactions may give you access to investment opportunities or trade executions that might not otherwise be available to you, such as trading of fractional shares within your Account. Principal transactions may not be effected for Retirement Accounts, except in accordance with applicable law.

There are conflicts of interest present when we execute transactions in your Account on a principal basis. If Merrill effects a principal transaction for your Account, then in addition to the Program Fee, we or our Affiliates receive a commission, markup or markdown, underwriting fee or selling concession, or other compensation with respect to the transaction, which would result in additional compensation or other benefit to us or our Affiliate. We also receive a commission, markup or markdown, underwriting fee or selling concession, or other compensation with respect to the transaction, which would result in additional compensation or other benefit to us or our Affiliate. We also benefit from the "spread" or the difference between the price we pay for a security and the price at which we sell it to you, or between the price we may pay for a security that we may buy from you and the price for which we may later sell it. In addition, we have an incentive to recommend a transaction in a security that we maintain in our inventory that is otherwise difficult for us to sell. The receipt of additional compensation and an incentive to recommend a transaction involving our inventory present conflicts between our interest and yours. The types of securities that may be purchased or sold on a principal basis in your Account pursuant to the terms of your Agreement may change in the future and could become more limited.

**Agency-Cross and Other Cross Transactions.** We may, at times, have the opportunity to act as agent for both buyer and seller in a transaction for your Account. This is called an agency-cross transaction. Since we generally will receive compensation from each party to an agency-cross transaction, there is a potential conflict between our responsibilities and loyalties to you and to the other party to the transaction. Any compensation we receive will be in addition to the Program Fee. The Agreement generally gives us permission to engage in agency-cross transactions for your Account, except where prohibited by law. You may revoke your consent at any time by notifying us in writing.

At times, we may consider a security being sold by one investment advisory client to be appropriate for purchase by another investment advisory client account. In such cases, we may arrange to transfer or "cross" the security directly between the affected accounts. Any cross transactions in your Account would be effected in accordance with applicable law and your Agreement. Cross transactions generally will be effected at an independently determined market price and will not result in any additional compensation to us.

For a Retirement Account that is subject to ERISA or the Code's prohibited transaction rules, transactions, including agency-cross transactions, will be effected by or through Merrill or our Affiliates in compliance with ERISA Section 408(b)(19), U.S. Department of Labor Prohibited Transaction Exemption 86-128, or otherwise in a manner that is not prohibited by ERISA or the Code.



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**Order Flow, Order Routing and Rebates.** We do not receive payment for order flow from liquidity providers to which we route our customer orders in equity securities. We directly or indirectly (through our Affiliates) receive rebates from, and pay fees to, certain registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges' published fee schedules filed with the SEC. In some cases, the rebates received by us from an exchange will, over a period of time, exceed the fees paid to the exchange. The rebates and payments from these third parties vary depending on the order and the exchange to which orders are directed and create a conflict of interest because we are incentivized to recommend transactions that provide us with greater rebates or payments from these exchanges.

### Covered Entities under the Volcker Rule

We may provide certain entity clients that qualify as "family wealth management vehicles," or FWMV clients, with both the Program Services as well as lending services and engage, where permitted, in principal transactions. In doing so, we rely on the exception under the Volcker Rule implementing regulations that is available for FWMV clients and have provided FWMV clients with key disclosures that relate to qualifying for this exception in the Agreement.

For certain entity clients that are deemed "covered fund" clients under the Volcker Rule, we are not permitted to offer both Program Services and the availability of margin, lending or other extensions of credit from us or any of our Affiliates, including BANA, or engage in certain principal transactions. Certain other transactions between BANA or its Affiliates and the entity client will also be prohibited.

### Account Reviews and Reporting

An important part of the Program relationship involves providing you with the opportunity to engage in periodic reviews with your Program Advisor by means of the Program Website. These reviews provide updates on the progress of your Account, performance of your Account's portfolio and other important information about your investments. This review is also an opportunity to ensure that the information you provide is complete, accurate and reflects your financial situation and objectives for the Accounts enrolled in the Program. As noted above, if there are multiple owners on this Account, the information you provide should reflect the views and circumstances of all owners on the Account. If you are the fiduciary of this Account for the benefit of the account owner or account holder (e.g., the trustee for a trust or custodian for an UTMA), please keep in mind that these assets will be invested for the benefit of such account owner or account holder.

We will contact you to request that you review your information for each of the Accounts in the Program and ensure that it is up to date. In addition, you will be required to perform your review through the Program Website with a Program Advisor. You may receive additional reminders through other means to complete your review through use of the Program Website. Because these reviews

provide you with important and necessary information relating to your Account, you are required to take advantage of these opportunities to participate in Account reviews. If you do not participate in your Account review, we may, in our discretion, terminate your Account.

We will periodically communicate to you important information about how we are managing your Account and assets in the Program. The primary means through which we will communicate with you and memorialize the important terms, conditions and information about your Account and Strategy is through a Program Report (also known as a Portfolio Summary) which will be available on the Program Website. You will receive a Program Report from us after we accept your enrollment in the Program, when you make a Strategy change and when your Target Asset Allocation for your Account is changed.

The information set forth in the initial and each subsequent Program Report is how we reflect the Services that we will provide to you with respect to the assets in your Account pursuant to the Agreement. You should review each Program Report we send to you carefully to ensure that the information reflected therein is accurate and you should contact us or update your information via the Program Website by contacting a Program Advisor if you believe any of the information is, or becomes, inaccurate.

In addition to the Program Report, we will send you periodic updates that contain information about your Account, including trade confirmation information and account statements. We will also provide you with performance information online through the Program Website to help you monitor and assess the performance of your Account and the Strategy you select. This includes information regarding investment return, risk and selected benchmark comparisons for your Account assets in the Strategy you select. You should review all such materials carefully and promptly report any discrepancies to us.

### Client Referrals and other Arrangements

We have entered or may enter into marketing arrangements with third parties who, for compensation, will provide consulting or other services to us in connection with marketing our various advisory programs, or otherwise refer prospective clients to us. Each such marketing arrangement is or will be governed by a written agreement between us and the third party, and will be disclosed to you, as required by law.

Our employees may refer advisory clients to BANA and other of our Affiliates for products and services. Similarly, employees of BANA and its Affiliates may refer clients to MLPF&S for brokerage and investment advisory services. These referrals may involve the payment of referral fees between us and BANA or its Affiliates. Merrill financial advisors may receive compensation for referrals to the Program.

### Financial Information

Not applicable.

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### Glossary

# Merrill Guided Investing with Advisor

## Wrap Fee Program Brochure

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**"Account"** means the securities account to which the Agreement applies and that is enrolled in the Program, as set forth in the Program Report.

**"Advisers Act"** means the Investment Advisers Act of 1940, as amended.

**"Affiliate"** means a company that is controlled by, in control of, or under common control with another company.

**"Agreement"** means the investment advisory agreement for the Program among the client, MAA and MLPF&S, as it may be amended from time to time.

**"Alternative Investments"** means such investments as we designate from time to time in our sole discretion whose risk and return characteristics generally are not correlated with more traditional investments (i.e., equities, fixed income and cash).

**"BofAS"** means BofA Securities, Inc., an Affiliate of Merrill.

**"Cash Sweep Program"** means the program associated with your securities account whereby cash balances in your Account are automatically swept into a cash sweep vehicle in accordance with the terms of your Account type.

**"CIO"** means the Chief Investment Office of MLPF&S.

**"Constituent Fund"** or **"constituent Fund"** means a registered investment company, including a mutual fund and an ETF and any other pooled investment vehicle that comprise a Strategy.

**"Effective Date"** means the date the account's enrollment in the Program is accepted by Merrill.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"FINRA"** means the Financial Industry Regulatory Authority, Inc.

**"Investment Company Act"** means the Investment Company Act of 1940, as amended.

**"Lending Programs"** means, collectively, certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities-based lending Loan Management Account® ("LMA") and Mortgage 100®/Parent Power® mortgage programs.

**"MGI"** means Merrill Guided Investing, an investment advisory program with online self-guided interactive website access.

**"NTF"** means a nontraditional mutual fund or ETF registered with the SEC that is classified as an Alternative Investment by us because its principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet its investment objectives.

**"Portfolio Summary"** also referred to as a Program Report means a periodic communication sent to you electronically that contains important terms, conditions and information about your Account and Strategy.

**"Program"** means Merrill Guided Investing with Advisor, the investment advisory program described in this Brochure.

**"Program Website"** means [merrilledge.com/guided-investing](https://merrilledge.com/guided-investing).

**"Reasonable Investment Restrictions"** means one or more reasonable investment restrictions accepted by us that you would like to impose for your Account, such as identifying a security that should not be purchased.

**"Registered Fund"** means a fund registered under the Investment Company Act.

**"Related Company"** means a company that is an Affiliate of BANA or in which BANA or an Affiliate of BANA has a material ownership interest.

**"Related Fund"** means any Fund sponsored, managed, or advised by us, a Related Entity or any of our Affiliates

**"Retirement Account"** means an individual retirement account within the meaning of Section 408(a) of the Code, a simplified employee pension

within the meaning of Section 408(k) of the Code, a simple retirement account within the meaning of Section 408(p) of the Code, and a Roth IRA within the meaning of Section 408A of the Code.

**"SEC"** means the U.S. Securities and Exchange Commission.

**"Services"** means the services provided through the Program and described in this Brochure.

**"Strategy"** means an investment strategy developed by the CIO to align to a particular Target Asset Allocation.

**"Target Asset Allocation"** means a recommended allocation of assets in an Account across one or more asset classes. The Target Asset Allocation categories used in this Program are:

- **Conservative** -- primary focus is on portfolio stability and preservation of capital with the achievement of low or negative investment returns in exchange for reduced risk of loss of principal and liquidity.
- **Moderately Conservative** -- primary focus is to achieve a modest level of portfolio appreciation with minimal principal loss and volatility.
- **Moderate** -- primary emphasis is to strike a balance between portfolio stability and portfolio appreciation with the assumption of a moderate level of risk and level of volatility and principal loss.
- **Moderately Aggressive** -- primary emphasis is on achieving portfolio appreciation over time with the assumption of a fair amount of risk, and high level of volatility and risk of principal loss.
- **Aggressive** -- primary emphasis is on achieving above-average portfolio appreciation over time with the assumption of substantial risk and a significant level of portfolio volatility.

**"Unaffiliated Investment Firm"** means a bank, broker or dealer other than an Affiliate of Merrill.

L-03-22

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