



Investment Advisory Program features and services

From time to time, we summarize important features of our services and programs for clients. This communication is intended to notify you of an important change that will affect how much you pay for mutual fund investments after termination of your advisory relationship with us.

When you enroll in the Merrill Lynch Investment Advisory Program (“Program”), you are charged an annual asset-based investment advisory fee on the assets held in your Program accounts. One of the features and benefits of the Program, which you receive in exchange for your Program fee, is access to lower-cost advisory class mutual fund shares such as institutional shares, “no-load” and low-load fund shares, or load-waived Class A shares or another share class without a front-end sales charge or CDSC. These advisory share classes are not available for purchase in a Merrill Lynch brokerage account.

Effective February 2019, we will begin exchanging clients from advisory share classes to brokerage share classes, if available, after termination of your Program account. Such exchanges will generally be completed within a week after termination. Accounts and positions remaining in the Program will not be impacted by this change.

While the exchange transaction will not be a taxable event and will not be subject to sales loads or commissions, all future purchase transactions in the fund will be subject to sales loads and other fees and commissions as detailed in the fund’s prospectus. Not all exchanged funds will be available for subsequent purchases in a brokerage account. You should expect that the exchanged funds will charge an asset-based fee (often referred to as a “service fee” or “12b-1” fee), which will be used to compensate Merrill Lynch and your financial advisor. Brokerage share classes generally will have higher operating expenses than advisory share classes, and an investor who holds a more expensive share class of a fund will 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 mutual fund shares through a Merrill Lynch brokerage account will be more or less than continuing to invest in mutual fund shares available through the Program, depending on the amount of your Program fee and the specific mutual fund shares in which you invest.

Please note that this exchange provision will not apply to advisory share classes that are purchased in Program retirement plans or trust managed accounts even if the Program account is terminated. Offshore Funds will also not be impacted by this change.

When considering whether to maintain or terminate an account from the Program, it is important to understand some key distinctions in services you receive when you maintain an advisory, rather than a brokerage, relationship with us. In an advisory relationship, we will act in your best interests by providing investment advice that is based on your overall financial situation, goals, risk tolerance, liquidity needs and investment objectives. You work with your dedicated advisor team to develop an investment portfolio personalized to your goals, with advice and active ongoing monitoring of your investments, trade execution, and other advisory services; you also have choice of discretion over investment decisions. Additionally, you have access to research and investment services and a full range of investment solutions, including a lower-cost, fee-based advisory share class of mutual funds. With a brokerage account, you always maintain discretion over investment decisions and will work with your dedicated advisor team to access advice based on, among other things, your investment objectives, risk tolerances, financial and tax status, investment recommendations that are suitable for you at the time of purchase, and other financial information you have disclosed to us, but with no obligation of ongoing monitoring by us.

We value your participation in the Program and are committed to your satisfaction. If you have any questions or need assistance, please contact your financial advisor.

Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation (BofA Corp.).

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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MLPF&S is a registered broker-dealer, a registered investment adviser and Member SIPC.

MLPF&S make available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp.

Merrill Lynch

INVESTMENT ADVISORY PROGRAM

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 the Merrill Lynch Investment Advisory Program. If you have any questions about the contents of this Brochure, please contact us at 800.MERRILL (800.637.7455).

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. Additional information about MLPF&S and MAA also is available on the SEC's website at www.adviserinfo.sec.gov/IAPD.

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 its affiliates and are subject to investment risks, including possible loss of principal.

October 1, 2018

Merrill Lynch Wealth Management makes available products and services offered by MLPF&S, a registered broker-dealer and investment adviser and member SIPC, and other subsidiaries of BofA Corp. Merrill Lynch Life Agency Inc. (MLLA) is a licensed insurance agency and a wholly-owned subsidiary of BofA Corp. Investment products offered through MLPF&S and insurance and annuity products offered through MLLA:

Are Not FDIC Insured	May Lose Value	Are Not Bank Guaranteed
Are Not Insured by Any Federal Government Agency	Are Not Deposits	Are Not a Condition to Any Banking Service or Activity

ITEM 2. MATERIAL CHANGES

On March 26, 2018, Merrill Lynch filed its last annual update for its Merrill Lynch Investment Advisory Program brochure ("Brochure"). Set forth below is a summary of the material changes to this Brochure since March 26, 2018.

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 material changes summarized below were also incorporated within this Brochure.

The following was added to Item 9. Additional Information - Disciplinary Information.

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 Merrill Lynch's remedial acts promptly undertaken and cooperation afforded the SEC staff. Merrill Lynch consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

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All capitalized terms used in the Brochure are defined in the body of this Brochure or in the Glossary.

Merrill Lynch Investment Advisory Program

Brochure

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 Lynch Investment Advisory Program (“Program”) as discussed in this Brochure. As a wealth management firm providing services to clients in the United States, both MLPF&S and MAA are registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser 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 affiliates, provides integrated investment services and is a leading banking institution for consumers, corporations and institutions. MLPF&S and MAA are referred to as “Merrill Lynch”, “we” or “us,” unless referred to in their separate capacity.

Our Services as an Investment Adviser and Relationship with You

As our client, you work with your dedicated personal financial advisor and team (your “Advisor”) to determine if the Program is appropriate for you given your financial goals and circumstances. Based on the services you request, we can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Most of our Advisors are qualified and licensed to provide both brokerage as well as investment advisory services. Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate arrangements that we may have with you. Our relationship and legal duties to you under federal securities laws are subject to a number of important differences.

We provide services under the Program in our 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. 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.

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 or accounts to be converted to, and designated as, a brokerage account. Depending on the nature of the terminated account, brokerage services and activities in the brokerage account could be limited.

Generally, the Program is designed for:

- Clients who want to implement a medium – to long term investment plan and who seek and use the advice and guidance of their Advisor.
- Clients who want access to an investment professional for the management of their investment assets.
- Investors who prefer the consistency of fee-based pricing for their transactions.
- Clients who are looking for investment advice, custody, trading and execution services and performance reporting in an all-inclusive account instead of accessing those services separately.

While this Program is designed to help clients meet a variety of investment needs, it may not be appropriate for clients who:

- Have a short-term investment horizon.
- Have an interest in maintaining consistently high levels of cash or money market funds in their account for an extended period of time.
- Maintain concentrated positions in securities that the client is not interested in selling or rebalancing.
- Engage in little to no investment activity, including rebalancing transactions.
- Engage in excessive trading and “day trading” activity.
- Desire to make investment decisions without the advice and guidance of their Advisor or without regard to Program guidelines.

We offer other investment advisory programs, including the Merrill Edge Guided Investing program (“MEGI”) and the Merrill Edge Select Portfolios through the Merrill Edge Advisory Account program (“MESP”) and other similar programs that make available a limited number of investment strategies that are the same as or similar to those offered in the Program but have different services and fees. Please refer to Item 4 at the section “Ability to Obtain Certain Services Separately and for Different Fees.”

Under the Program, we are a fiduciary to you.

We have certain fiduciary obligations to you in providing the Program Services. As a fiduciary, we will act in your best interest and seek to put your interests first and will endeavor to provide you with access to material facts and information relating to the Services and our fiduciary relationship with you under the Agreement. This Brochure is a key element in meeting this disclosure obligation. The fiduciary standards we aim to follow are established under the Advisers Act and state laws, where applicable. In addition, for Retirement Accounts, we provide 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 discretionary managed accounts, we provide the relevant Services as an “investment manager” under Section 3(38) of ERISA.

Overview of the Program



Discovery

Your dedicated Merrill Lynch Advisor gets to know you on a personal and financial level and works with you to identify your financial goals and objectives.



Determine Target Asset Allocation

You and your Advisor will design together a personalized financial strategy based on your financial situation, including your risk tolerance and time horizon.



Select Strategies & Investments

You will select the way you want your Portfolio to be managed and may choose from a robust offering of investment solutions, including from Merrill Lynch and third-party managers.



Access Ongoing Advice & Engage in Investing Activity

You may access your Advisor when and as needed to manage your Portfolio and to rebalance and adjust your investments as your financial goals or priorities change or in light of market conditions.



Client Reviews

At least on an annual basis, you and your Advisor have the opportunity to review the status of your investment strategy and make any changes to help meet your financial goals.

For your accounts enrolled in the Program (each an “Account”), we will provide you with personalized investment advice and guidance through your Advisor and a range of financial services and investment solutions described in this Brochure (“Services”). You may group one or more Accounts together into a Portfolio for ongoing portfolio management to a selected Target Asset Allocation and for consolidated reporting. For each Account in your Portfolio, you will select how you want your assets to be managed in the Program (a “Program Strategy”).

The Program allows you to manage your Account or Portfolio in a number of ways:

- You can access the services of professional third-party investment managers or our firm investment professionals.
- You can delegate investment discretion to your Advisor or another Advisor.
- You can retain investment discretion over your investments and receive advice and guidance from your Advisor on your assets.
- You can use a combination of the above.

We will provide you with investment advice and guidance, tailored by your Advisor, to help meet your specific investment needs. The investment solutions we offer include third-party and firm-managed strategies and access to funds and other products.

We charge a Program Fee based on the fee rate that you and your Advisor have agreed to for your Account. The Program Fee per Account that you pay may differ from that paid by other clients of your Advisor based on the scope and size of relationships and accounts, the complexity of the client’s needs, the Advisor’s practice approach and other factors. The Program Fee that you pay covers the following investment advisory services:

- Investment advice and guidance services of your Advisor, and those services delivered through Merrill Lynch and MAA.
- Depending on the Program Strategy you select, investment strategies from a third-party investment manager or from Merrill Lynch or an Affiliate.
- Certain incidental services provided by us through the Program, such as trading, execution and settlement for trading through Merrill Lynch, and custody, performance reporting, and related account services.

The Program Fee 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 value of the securities and cash in your Account. Because your Program Fee covers trading and execution costs, in most cases, separate brokerage commissions will not be charged. We disclose more information about the fees you pay and the compensation we receive in this Brochure.

We will execute any transactions in your Account in accordance with our best execution obligations. We supervise the services our Advisors and other personnel provide for compliance with your Agreement, our Program guidelines and the ethical standards we require.

There are certain material relationships and conflicts of interest discussed in this Brochure, including in Item 9 at the sections “Compensation, Conflicts of Interest and Material Relationships” and “Participation or Interest in Client Transactions and Conflicts of Interest.”

Details of the Program are provided throughout this Brochure.

Item 4. Services, Fees and Compensation

Portfolio Advice and Guidance Services

Portfolio Profiling and Creating a Target Asset Allocation. Your Advisor will gather from you important financial and personal information that will be used as a basis for advice and guidance about how to manage your Account or Accounts. You may choose to organize your investments in a single Account or you can set up a Portfolio group of Accounts, each of which may have a different investment strategy to be managed by you and your Advisor towards a common objective for the Portfolio. Grouping your Accounts into separate Portfolios gives you the flexibility to pursue multiple investment objectives. In this Brochure, a single Account, or a group of Accounts organized together, may be referred to as a "Portfolio." You may have more than one Portfolio.

For each Portfolio, we will work with you to determine an appropriate target asset allocation (the "Target Asset Allocation"). Our recommendation takes into account: **your risk tolerance** for the Portfolio assets (your tolerance for potential loss of some or all of the assets in your Portfolio in exchange for greater potential returns) and **your time horizon** (determined by how long you expect to invest in order to achieve your investment objectives). Any changes to your risk tolerance or time horizon may lead to a different recommended Target Asset Allocation and therefore potential changes to the strategies and investments in your Portfolio.

Your Advisor will use your Target Asset Allocation, along with other information about you, like your liquidity needs and objectives, to determine the types of investments to recommend to you. It is your responsibility to ensure that the information you provide to your Advisor is complete and accurate and to notify your Advisor promptly of any changes to that information so that your Advisor will be better able to make appropriate recommendations for you and your assets.

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

- Conservative
- Moderately Conservative
- Moderate
- Moderately Aggressive
- Aggressive
- Equity-Focused
- Fixed Income-Focused
- Alternative Investment-Focused
- Custom Allocation

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 investments and cash, rather than to equity securities. Our more aggressive Target Asset Allocations typically recommend a greater percentage of your assets be allocated to equity investments and Alternative Investments, rather than to fixed income investments and cash.

The Equity-Focused, Fixed Income-Focused or Alternative Investment-Focused Target Asset Allocation categories allow you to orient your Portfolio towards a single asset class and get more significant exposure to a single asset class than is suggested by the target asset allocation ranges that we have set for the particular asset class in the other Target Asset Allocation categories. These Target Asset Allocations therefore provide less diversification than other Target Asset Allocations. We may offer customized allocations for specific client circumstances. These custom allocations may not align with the target asset allocation ranges that we have set or any other target asset allocation recommendations made by us and may involve greater degrees of risk.

Monitoring Adherence to Target Asset Allocation and Program Guidelines.

The assets comprising the Portfolio in the aggregate, whether or not held in different Accounts or managed pursuant to different investment strategies, should be aligned to the designated Target Asset Allocation for the Portfolio. On a periodic basis, we will monitor the assets in each Portfolio to the applicable Target Asset Allocation within certain parameters. If there is a prolonged misalignment, we may ask you to take action in order to remain in the Program, including rebalancing or updating your risk tolerance or time horizon so that the Portfolio meets the Program guidelines.

We have established certain guidelines relating to the management of assets in the Program that may restrict or limit the activity in your Portfolio. 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 internal 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 or the Accounts comprising a Portfolio, if applicable, from the Program, which converts the Account or Accounts to a brokerage or other account type.

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. If you identify any discrepancies or inaccurate information, you should promptly report them to your Advisor.

Cash Holding Guidelines. As part of the Program Strategy you select, some of your assets may be held as cash and remain uninvested. Holding a portion of your Program assets in cash may be based on your desire to have an allocation to cash as an asset class, to facilitate transaction execution, to have available funds to pay the monthly Program Fee or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents, including money market funds and instruments, in all Accounts and Program Strategies will be subject to the Program Fee.

As an alternative to the Program, you may determine to hold any cash positions in a brokerage account or other account that is not enrolled in the Program. Cash which you do not intend or desire to be part of a Target Asset Allocation or which you do not intend to invest for a significant period of time may be held in a Merrill Lynch brokerage account. Any cash positions held outside the Program will not receive the Services under the Program, be part of the Target Asset Allocation and other monitoring or be subject to the Program Fee. For other information about cash, please refer to "Assets on Which the Program Fee Is Charged" and "Funding and Operation of Accounts" in this Item 4.

Multi-Client Portfolios. As an added benefit or feature of the Program, you may choose to group one or more of your Accounts with the accounts of other Program clients into one or more Portfolios in order to pursue a common investment goal. For this grouping to be effective, each client in the multi-client Portfolio must execute a written letter of authorization that will set forth your and the other group members' instructions on grouping and the terms and conditions associated with setting up a multi-client Portfolio. You continue to own the assets held in your Account within the multi-client Portfolio and none of the other clients in the group can make any changes to or direct your Advisor to take any action in your Account. Each of the Accounts in the multi-client Portfolio will incur its own fees, trading or other costs for activity occurring in the respective Account. We may terminate our willingness to allow the multi-client Portfolio at any time upon written notice to you.

By setting up a multi-client Portfolio, you authorize us to share information about your included Account with the other clients participating in that Portfolio. We will not be responsible for any loss or expense arising out of the multi-client Portfolio grouping the sharing of information or for any act (or failure to act) by you or the other clients with respect to any decisions, changes or instructions to be made or given for a multi-client Portfolio.

Investment Strategy Services Available

General Overview

We, through your Advisor, will work with you to determine how you would like your Portfolio to be invested and managed. We may recommend one or more ways to implement your investments and manage your Portfolio. The Program currently offers five types of investment approaches or methods (“Program Strategies”) to choose from:



Managed Strategy—where you have access to strategies constructed by Merrill Lynch and select third-party investment managers.



Custom Managed Strategy—where you and your Advisor design and construct an investment portfolio that combines Managed Strategies and Fund investments in the same Account.



Defined Strategy—where you select investment portfolios created and managed by an Advisor on a fully discretionary basis based on a specified investment approach.



Personalized Strategy with Advisor Discretion—where you give your Advisor discretion over your Account to implement a customized strategy across available asset classes and investment products.



Personalized Strategy with Client Discretion—where you and your Advisor pursue a customized investment strategy across available asset classes and investment products and you retain investment authority.

The Program Strategies are generally differentiated by the way we deliver our advice to you and the investments we make available. Your Advisor will recommend to you a Program Strategy based on the information you provide and what he or she believes will meet your investment needs and investment preferences for the management of your assets in the Program. If you wish to use multiple Program Strategies for your assets in the Program, you may be required to open a separate Account for each Program Strategy.

For each of the different Program Strategy options, please note the following:

- While the Program provides access to different types of investment securities, like equities, mutual funds and fixed income instruments, not all investment securities are available in each of the Program Strategies.
- Assets can be allocated to cash in varying amounts and for a variety of purposes and cash will be subject to the Program Fee.
- We determine the manner and extent to which Program Strategies, different investment securities, Style Manager Strategies and Funds are made available to clients through the Program, including when they may no longer be offered. We may add to or make changes to the Program Strategies at our discretion.

- Your Advisor will work with you to determine the type of “Authority” that you designate for each Program Strategy. You can select Advisor Discretion Authority, where available, to have your Advisor exercise investment discretion over your investments in the Program Strategy or you can select Client Discretion Authority, where available, to retain investment discretion or selection.
- Where you have selected to a Program Strategy that has *Advisor Discretion Authority*, your Advisor and any members of his or her team may also exercise discretion over certain investment decisions made in your Account. In addition, you may also choose to have certain of the Program Strategy options constructed and managed by an Advisor who is not your Advisor or part of your Advisor’s team.

Some Advisors may not offer all of the Program Strategies or investment products or solutions (*i.e.*, Alternative Investments) available in the Program. In addition, your Advisor may offer the same or similar investment strategy to different clients depending on client preferences, investment restrictions, tax considerations and other factors. Performance may differ and may be lower among those in same or similar Program Strategies.

Ability to Request Reasonable Investment Restrictions

You may impose “Reasonable Investment Restrictions” on the management of your Program assets. Your restriction request to your Advisor, if accepted by us, will be included in periodic Program communications and will be applied 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 applicable to each of your Accounts. Please note that Reasonable Investment Restrictions will not apply to Funds in your Portfolio that may hold the restricted security as part of the Fund portfolio.

For a restriction to be acceptable under the Program, it must first be determined to be “reasonable.” For Accounts in Managed Strategies and Custom Managed Strategies, Merrill Lynch will determine whether a restriction request is reasonable and how to allocate investments based on a Reasonable Investment Restriction that we have accepted. For Personalized Strategies and Defined Strategies, the Advisor managing the Strategy will make those determinations. Merrill Lynch or the Advisor, as the case may be, will allocate the assets that would have been invested in the security impacted by the Reasonable Investment Restriction in one of the following ways:

- Pro-rata across other investments held in the Portfolio or Strategy.
- To one or more substitute securities, which might include exchange traded funds (“ETFs”).
- To cash.

We 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 proposed investment restriction to be unreasonable and to not accept the proposed investment restriction. If one or more investment restrictions are determined to be unreasonable, the Account may not be enrolled and you should consider other more appropriate Program Strategies, or other more appropriate products or services.

If you elect to restrict investments, you accept any effect such restrictions may have on the investment performance and diversification of your Portfolio. 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 alter the allocation of any Managed Strategy, Custom Managed Strategy or Defined Strategy or substitute any security may result in exposure to additional (and potentially unforeseeable) risks that are inconsistent with the objective of your Program Strategy.



The Managed Strategy and Custom Managed Strategy as Program Strategy Options

Nature of the Strategy and Investment Options. The Managed Strategy and the Custom Managed Strategy options provide you with the ability to invest in Style Manager Strategies and certain Funds (e.g., mutual funds and ETFs). A Managed Strategy is a single Style Manager Strategy in a single Account. A Custom Managed Strategy is a grouping of multiple Style Manager Strategies, Funds and/or a cash allocation which are combined together in a single Account.

A Style Manager Strategy is a selection of securities implemented and managed by an investment manager (a “Style Manager”) to achieve one or more investment styles or disciplines. The Style Manager determines the composition of investments for each Strategy it provides. The Style Manager can be a third-party investment manager, Merrill Lynch or one of its Affiliates, like U.S. Trust Private Wealth Management, a division of BANA (“U.S. Trust”) acting as an investment manager.

If you select a Style Manager Strategy for your Portfolio, you will pay a Style Manager Fee as part of your Program Fee, which will be used to compensate the Style Manager. The fee paid to a Style Manager will vary depending on particular investment styles, the type of securities involved, the nature of the services provided, the ability of a Discretionary Manager to effect trades for client Accounts with an Unaffiliated Investment Firm or other factors. MLPF&S is the Style Manager for certain Style Manager Strategies and reserves the right, with prior notice, to charge a Style Manager Fee with respect to the Strategies that we make available in the Program.

The availability of Style Manager Strategies and of Funds in the Program are subject to change. You can view a listing of the Style Manager Strategies available under the Program at nymerrill.com/ADV/materials or obtain a copy of the listing from your Advisor. Each Style Manager has filed its own Form ADV Part 2A brochure or has an equivalent document which is available upon request from your Advisor and/or on the SEC website at adviserinfo.sec.gov/IAPD.

Each Style Manager Strategy and Fund available for investment in the Program has been identified by us and approved for inclusion in the Program. As a general matter, we decide whether to include particular Style Manager Strategies and Funds in the Program (or to remove them from the Program) based on a variety of factors. These factors include client needs, available investment styles, platform capacity and client demand. In addition, for Style Manager Strategies, mutual funds and certain Alternative Investment Funds, we consider the outcome of due diligence and evaluation reviews conducted by or under the supervision of Merrill Lynch, including through the Global Wealth Investment Management Chief Investment Office (“GWIM CIO”). GWIM CIO is a Merrill Lynch business group that provides investment solutions, portfolio construction advice and wealth management guidance. It is a separate division from the Merrill Lynch business group that administers the Program. See Item 6 at the section “Portfolio Manager Selection and Evaluation.”

Authority for Selecting and Making Changes to your Program Strategy. You may select a Managed Strategy or a Custom Managed Strategy with one of the following Authority types: **Client Discretion**, where you retain the discretion or authority as to certain actions, or **Advisor Discretion**, where you delegate the discretion to an Advisor. (Not all Program Strategies may be available to you based on the level of Authority you select.)

- For a Managed Strategy with Client Discretion, you, after discussions with your Advisor, will select the Style Manager Strategy that you want to have implemented in your Account and any changes to the Style Manager Strategy for your Account will require your consent,

because you retain authority to select and implement these changes.

- For a Managed Strategy with Advisor Discretion, any changes, including from one Style Manager Strategy to another Style Manager Strategy with the same investment objective, will not require your consent, because you grant to us the authority to select and implement these changes.
- For a Custom Managed Strategy with Client Discretion, any change to your selection of Style Manager Strategies and/or Funds, their allocations (including to cash) or rebalancing frequency will require your consent, because you retain authority to select and implement these changes.
- For a Custom Managed Strategy with Advisor Discretion, your Advisor will select the Style Manager Strategies, Funds and/or cash that make up the Custom Managed Strategy, assign a corresponding allocation percentage and select the rebalancing frequency and any changes will not require your consent, because you grant to us the authority to select and implement these changes consistent with your investment objective.

Implementation of the Style Manager Strategies and Role of MAA. The investment decisions for a Style Manager Strategy will generally be implemented by MAA in accordance with the investment recommendations and instructions provided to it by the Style Manager through model portfolios or other instructions.

Some Style Manager Strategies are implemented on a full or partial basis directly by the Style Manager itself with investment and trading discretion (in such case, this type of Style Manager is also referred to as a “Discretionary Manager”). For Style Manager Strategies managed by a Discretionary Manager, MAA does not exercise responsibility for implementing investment decisions other than enforcing any Reasonable Investment Restrictions for your Account.

By your choosing a Style Manager Strategy for an Account, as provided in the Agreement, you grant MAA, and if applicable, a Discretionary Manager, investment and trading discretion for investments occurring in the Style Manager Strategy. Through that discretion, we and the Discretionary Manager (if applicable) will have complete and unlimited trading authority and may invest, reinvest, purchase, sell, exchange, convert and otherwise trade assets, without any prior notice. This authority will remain in place until we have received and accepted instructions from you to either change the Style Manager Strategy or terminate your Account.

MAA has authority to make certain investment and trading decisions including:

- Implementing, as applicable, the Style Manager’s recommendations.
- Implementing the Style Manager Strategies for which Merrill Lynch is the Style Manager.
- 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, if applicable.
- Implementing your Reasonable Investment Restrictions, if any.
- Implementing your tax-selling instructions, if any.

The Style Managers (other than Discretionary Managers) provide advisory services under agreements with MAA by furnishing to MAA investment recommendations for their Style Manager Strategies in the form of model portfolios. MAA will generally implement the Style Manager’s recommendations for a Style Manager Strategy without change, subject to your Reasonable Investment Restrictions, cash commitments and other considerations. These considerations include certain operational

or investment circumstances under which we decide to deviate from the model portfolio on a limited basis (for example, to select another security or increase the cash allocation within a model portfolio), which MAA will implement based on our decision. You will not enter into a separate investment advisory agreement with any Style Manager and the Style Manager will not ordinarily know your identity. However, under the Agreement, you have authorized and directed MAA to provide any necessary information about you to a Style Manager as needed to provide services to you in the Program.

Profiles for Style Manager Strategies. We will generally provide you with important information about each Style Manager Strategy through a document known as a “Profile.” The Profile will describe the relevant objectives, styles and risks of the particular strategy. It will also describe the roles of the Style Manager and MAA in implementing the Style Manager Strategy. We prepare the Profiles from information provided by the Style Managers and Discretionary Managers and they have the obligation to establish and maintain each Style Manager Strategy in the manner generally described in the then-current Profile and to provide us notice on a timely basis of any changes made. We cannot guarantee the accuracy or consistency of the information contained in the Profiles but we obtain periodic confirmations from the Style Managers to help us confirm they continue to be materially accurate and complete.

Authority for Rebalancing. Certain Style Manager Strategies have target allocations and are subject to automatic rebalancing on a periodic basis and others are dynamically managed and are not subject to rebalancing. For Custom Managed Strategies, the frequency of rebalancing is determined by you if you have selected Client Discretion Authority and by your Advisor if you chose Advisor Discretion Authority. When appropriate, where you have delegated discretion authority to your Advisor, we may rebalance your Managed and Custom Managed Strategies to approximate the allocations among the strategies and Funds to the agreed upon allocations.

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.

Replacing a Style Manager Strategy or Fund. Occasionally, we may decide to discontinue offering a Style Manager Strategy or Fund, to close a Style Manager Strategy or Fund to new investments or additional contributions from existing participants in the strategy, or to require any existing holdings of a particular Style Manager Strategy or Fund to be replaced. Our actions may include: (1) replacing the Style Manager Strategy or Fund with another such Strategy or Fund; (2) investing new contributions from, or the sale or redemption proceeds held by, existing investors in the Strategy or Fund in a replacement Style Manager Strategy, a mutual fund or ETF 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 Style Manager Strategy or Fund by you. MAA is responsible for implementing our decisions and related actions.

If you hold the particular Style Manager Strategy or Fund subject to the events described in the preceding paragraph in your Account with a Program Strategy with Client Discretion, we generally will provide you with prior notice of any discontinuation, closing or replacement event but, depending on circumstances and our view of the nature of the event, 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 a Style Manager Strategy or Fund with another Style Manager Strategy or Fund, we will endeavor to replace it with one that has an investment objective consistent with that of the Style Manager

Strategy or Fund being replaced. This replacement Style Manager Strategy or Fund may be subject to a higher Style Manager Expense Rate or higher 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 replacement or other action will be your consent to the action. We will take this outlined action regardless of the Authority that you have chosen for your Program Strategy.



The Defined Strategy as a Program Strategy Option

Nature of the Strategy and Investment Options. A Defined Strategy is one where an Advisor constructs, selects and manages an investment portfolio of individual securities

and cash to meet a specified investment style or discipline. A Defined Strategy is managed with *Advisor Discretion Authority* only and we, through the Advisor, have investment and trading discretion (including as to rebalancing) over the assets in your Account. This discretion empowers the Advisor to make investment and trading decisions with respect to those assets without contacting you.

The Advisor, in constructing the Defined Strategy, may purchase different types of securities or investments, including equities, fixed income securities, Funds, Alternative Investments and other securities and a cash position, subject to certain Program guidelines. Securities that are eligible to be part of a Defined Strategy may change over time as determined by us in our discretion.

Trading Authority. Your Advisor will have investment and trading discretion over your Account and will make investment and trading decisions with respect to your assets in the Account without contacting you. By choosing this Authority, you grant to us the authority to trade your investments and to select and implement any change to investments, asset allocation, or rebalancing within the same investment objective. Additionally, where your Advisor is a member of a team of Advisors, other members of that team may also exercise discretion over certain investment decisions made in your Account.

Defined Strategies Review Process. Not all of our Advisors offer this Program Strategy option to their clients. Each Advisor that creates a Defined Strategy must meet certain qualifications set by us. You may also choose to select a Defined Strategy that is managed by an Advisor who is not the Advisor primarily responsible for your relationship with Merrill Lynch and, in that case, the Advisor selected to manage your assets will be responsible for implementing the Defined Strategy. Under certain circumstances, the Advisor may make changes to the Defined Strategy used to manage your Account based on various factors, including market conditions. Defined Strategies are subject to review and evaluation by us. Please see Item 6 at the section “Portfolio Manager Selection and Evaluation” for more information.

In certain circumstances, we may terminate the Defined Strategy offered by an Advisor. Generally, your Advisor will work with you to recommend an alternate investment solution, but, under certain circumstances, we may determine to select a replacement Managed Strategy for you that we believe to be in your best interest. We generally will provide you with prior notice before selecting such a replacement. The Managed Strategy that we select to replace the Defined Strategy may be one managed by us or one of our Affiliates or a third-party manager and may be subject to a Style Manager Expense Rate. We will provide you with written information regarding the Managed Strategy replacement. If you do not instruct us to select a different replacement or change to a different type of Program Strategy, your continued participation in the Program will be your consent to the replacement we select for your Account. If there is no acceptable alternative to the terminated Defined Strategy or your Account is not eligible for the selected replacement, we may elect to terminate your Account with the Defined Strategy from the Program.

Defined Strategy Profile. Your Advisor may provide you a Defined Strategy Profile if available, as not all Defined Strategies have a Defined Strategy Profile. It will provide general information, including asset allocation and top holdings for the strategy. Your Advisor may decide, in his or her discretion and without your consent, to manage the assets in a Defined Strategy in a manner that is different from the description provided in the Defined Strategy Profile. Any changes to how the Defined Strategy is managed may materially impact the performance of your Account. Holdings in the Defined Strategy, and the asset allocation associated with it, will be included in your Account statements. Defined Strategy Profiles are typically updated quarterly to include performance information as of the most recent quarter-end and can be obtained from your Advisor upon request.



The Personalized Strategy with Advisor Discretion as a Program Strategy Option

Nature of the Strategy and Investment Options Available.

With this option, after discussions with you, your Advisor will manage an investment portfolio to meet your Target Asset Allocation and other investment objectives for your Account. This Program Strategy type may be customized for your particular investment needs and requests.

Your Advisor may purchase or recommend different types of securities or investments, including equity securities; fixed income securities, including brokered certificates of deposit (“brokered CDs”); certain Funds, including ETFs and non-traditional Funds (“NTFs”); other securities; and cash holdings. Available securities may change over time as determined by us in our discretion.

Trading Authority. By choosing this Program Strategy, you grant to us the authority to trade your investments and to select and implement any change to investments, asset allocation, or rebalancing within the same investment objective. Your Advisor will have investment and trading discretion over your Account and will make investment and trading decisions with respect to your assets in the Account without contacting you. Additionally, where your Advisor is a member of a team of Advisors, other members of that team may also exercise discretion over certain investment decisions made in your Account.



The Personalized Strategy with Client Discretion as a Program Strategy Option

Nature of the Strategy and Investment Options Available.

In an Account where you have selected the Personalized Strategy with Client Discretion, you may buy, hold and sell individual investment securities and cash positions to meet your Target Asset Allocation and other investment objectives and receive ongoing investment advice, guidance and monitoring services from your Advisor. This Program Strategy type is intended for investors who seek to establish investment objectives and receive ongoing advice and guidance with respect to investments and asset allocation but who want to retain discretion over the trading activity in their accounts.

This Program Strategy may not be appropriate if you intend to maintain, consistently and over a prolonged period of time, high levels of cash, money market funds or other short-term securities or high concentrated equity positions. Importantly, it is also not intended to be used by clients who engage in activity that is inconsistent with the investment advice provided through the Program or who intend to engage in a very low or very high volume of trading in their Portfolio. If your activity contravenes our Program guidelines on these and other matters, we will request that you take certain corrective action and we may terminate your Account from the Program if the requested or other action is not taken.

The different types of securities or investments that can be purchased or held in a Personalized Strategy with Client Discretion include: equity securities; fixed income securities (including brokered CDs); certain

Funds, including ETFs; certain Annuities; Market-Linked Investments (“MLIs”); and certain Alternative Investments, including NTFs and Precious Metals. Available securities may change over time as determined by us in our discretion. Investments in Annuities, MLIs, Alternative Investment Funds and Precious Metals are subject to additional client suitability and eligibility requirements.

Trading Authority. You, with the assistance of your Advisor, will select the investments that make up the Personalized Strategy and, if desired, assign a corresponding asset allocation percentage for each investment and select a rebalancing frequency for the assets if desired. Any change to investments (transaction by transaction), asset allocation or rebalancing will require your consent because you retain the authority to select and implement these changes. An exception to this requirement is where mutual fund shares are transferred into your Account and we take action to replace the transferred shares with those of the share class of that mutual fund that is offered in the Program or where we make available in the Program a new share class for the Fund and the terms and conditions of this share class are no less favorable than those of the prior share class.

Unsolicited Orders and Excessive Trading Activity. Merrill Lynch generally permits clients to place unsolicited orders for the purchase and or sale of securities in this Strategy type. Generally, unsolicited orders are those that you request your Advisor to effect without having received a recommendation or call to action from your Advisor or those that you instruct us to make that are contrary to your Advisor’s advice, guidance or recommendation. Your ability to place unsolicited orders in the Program is subject to any limits, restrictions and/or conditions that we may choose to enforce from time to time, including termination of an Account from the Program. We have the right, in our sole discretion, to decline to accept or effect any unsolicited orders at any time, without providing you prior notice. The Program is not designed for excessive trading, including day trading, in your Account. If your trading is deemed excessive by us, we reserve the right to terminate the Account from the Program at our discretion.

Account Reviews and Information

An important part of the Program is providing you with the opportunity to engage in periodic reviews with your Advisor or a designated member of the team servicing the Account. These reviews provide updates on the progress of your Portfolios and 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 the section “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 your accounts that are not subject to the Agreement (e.g., your brokerage accounts). The Program Fee will not apply to these accounts and we will not be an investment adviser or a fiduciary with respect to the assets in such accounts. Any such included accounts will continue to be subject to the terms and conditions of the applicable securities account agreement between you and Merrill Lynch. Any advice that we may provide to you with respect to the assets in such accounts, including asset allocation advice, will be incidental to the brokerage services that we provide to you under the applicable securities account agreement.

Brokerage and Custodial Arrangements and Services

Our Role as a Broker-Dealer

If you maintain your Account at Merrill Lynch or an Affiliate, the Program Fees you pay generally cover the execution of transactions in the Program (except as otherwise indicated) and the custody of your assets. Certain brokerage or banking features may not be available depending on the Strategy you select.

In your Agreement and depending on the Program Strategy and Authority you select, you appoint us and/or a Discretionary Manager, as the case may be, to act as your agent and attorney-in-fact with power and authority to buy, sell or otherwise effect transactions in securities or other property, in whole or in part, on margin or on a cash basis and in your name for your Accounts. You also authorize and direct us to cause all transactions to be effected through Merrill Lynch or our Affiliates acting as agent or, where permitted by law and regulations and with your consent, as principal.

In effecting transactions for your assets in the Program, we or our Affiliates will be acting exclusively as a broker-dealer and trades will be handled by us consistent with our 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 Accounts with orders for the same security for our other clients, for our own accounts or the accounts of our employees (including your 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 share of any fees. To the extent Style Managers provide similar investment recommendations for their particular Style Manager 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 by the Style Managers. This may in turn have a negative impact on the performance of a Style Manager Strategy.

For Personalized Strategies with Client Discretion, your Advisor will enter trade orders promptly upon your instruction. In implementing your instructions, we have discretion as to the price or time at which we can execute an order for a transaction, as long as the transaction is exercised the same day the order is given and is consistent with our duty to seek best execution. If we believe that it may be appropriate to execute an order later than on the same day we receive the order, we will ask for your authorization to do so.

Advisors also have broad discretion to trade Accounts participating in Defined Strategies. There can be no assurance that an Advisor will purchase or sell the same securities for all such Accounts in the Defined Strategy at the same time, or that the Advisor will aggregate your orders with those of other clients. As a result, you may receive different prices and executions for the same securities as compared to other clients making the same investment in that security. In addition, although we do have routines that monitor performance dispersion within a particular Defined Strategy that an Advisor is implementing, investment opportunities will not necessarily be allocated among participating Accounts on a fair and equitable basis.

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 any errors as promptly as possible without disadvantaging you. In general, in instances where we are responsible for effecting the transaction incorrectly, 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 we or one of our Affiliates 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. 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.

Brokerage Execution for Style Manager Strategies with a Discretionary Manager

If you have selected a Style Manager Strategy that has a Discretionary Manager, the Discretionary Manager has the authority to place orders for transactions with broker-dealers that it selects, including Unaffiliated Investment Firms, when consistent with their obligation to seek best price and execution. For certain Discretionary Managers, we may provide administrative services to the Discretionary Manager to assist with the placement of orders at its direction.

A Discretionary Manager may, but is not required to, aggregate orders for the sale or purchase of securities for the Style Manager Strategy with orders of the same security for other clients in the same Style Manager Strategy (either at Merrill Lynch or at other firms), for its own accounts or for the accounts of its or our employees and/or related persons. Where it does employ aggregation of orders, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro-rata share of any fees.

Certain Discretionary Managers that have authority to place orders for particular (but not all) transactions for their Strategies have authority to place such orders with us and our Affiliates or with an Unaffiliated Investment Firm if the Discretionary Manager determines, after consultation with us, that: (1) they are able to aggregate a particular trade for Program clients in a block trade and (2) they expect such aggregation will be for the overall benefit of our Program clients.

Important Information About Step Out Trades

A transaction that the Discretionary Manager has placed through an Unaffiliated Investment Firm for a particular Style Manager Strategy is commonly referred to as a "step out" or "step out trade." In selecting a firm to execute transactions and the markets in which the transactions will be executed, the Discretionary Manager is not obligated to solicit competitive bids for each transaction or seek the lowest available commission cost so long as it reasonably believes that the firm it selects can be expected to obtain a "best execution" market price on the particular step out trade. Each Discretionary Manager is responsible for ensuring that it complies with its own best execution obligations.

Certain Discretionary Managers have historically executed all or a portion of their trades as "step outs." Frequently, these trades have been for fixed income or other securities for which a markup or markdown is charged by the executing broker-dealer (generally referred to as "dealer spread"). You, rather than us or the Discretionary Manager, will bear the cost of this dealer spread amount and the Program Fee does not cover this expense or cost. See information in Item 4 in the section "What Is Not Covered by Your Program Fee."

The Discretionary Manager may also execute step out transactions for certain equities and other securities for which the executing broker-dealer may charge a brokerage commission. These trades have historically been for foreign securities for which a brokerage commission had been charged by the executing Unaffiliated Investment Firm. Under the Program, other than as noted below as to Foreign Ordinary Shares and American Depositary Receipts ("ADRs"), you will not have to pay this Unaffiliated Investment Firm brokerage commission.

The Style Manager Expense Rates vary among Style Managers (including Discretionary Managers) and it is possible that the Style Manager Expense Rate for a Discretionary Manager may be higher than that for other Style Managers with the same or similar Strategies. You could be deemed to be indirectly bearing the cost of the step out trades by virtue of any such higher Style Manager Expense Rate. Because you will pay the same Style Manager Expense Rate regardless of whether or not a Discretionary

Manager has a step out trade, this may create a material conflict of interest, or the appearance of a material conflict of interest, between the Discretionary Manager and you.

The Discretionary Managers that we have identified as trading through Unaffiliated Investment Firms, either on a regular or a limited basis, are designated in the document entitled "Style Manager Strategy Step Out Information Document" available at ml.com/SMA. You can also obtain a copy of this document upon request from your Advisor. Information in this document is based solely on the historical information that has been provided by the Discretionary Managers. We do not make any representation regarding the future trading practices of any Discretionary Manager for any Style Manager Strategy. We recommend that before making a selection of a Style Manager Strategy, you review the Manager's Form ADV, Part 2A brochure, which contains more detailed information about its brokerage practices.

Brokerage Arrangements for Certain Types of Securities

Transactions in Foreign Ordinary Shares and ADRs. For foreign ordinary security transactions executed outside the United States, we may use the services of foreign Unaffiliated Investment Firms. These foreign Unaffiliated Investment Firms may handle your order as agent and assess a commission charge, or they may transact as principal and receive a dealer spread or markup/down. Additionally, to the extent a foreign currency conversion transaction is required to facilitate trade settlement, the foreign Unaffiliated Investment Firm (or its Affiliate) effecting the currency conversion will be remunerated in the form of a dealer spread or markup/down. We will undertake, at your written request, to obtain the amount of this remuneration for a given transaction in your Strategy.

Annuities. MLPF&S as a broker-dealer and Merrill Lynch Life Agency Inc. ("MLLA") as general agent and insurance broker have entered into selling agreements with insurance companies (that are not our Affiliates) to offer Annuities. With the assistance of your Advisor, we and MLLA will represent you in connection with your purchase of an Annuity. Not all Advisors may offer Annuities in the Program. Your Annuity assets are maintained at the specific insurance company that issued the Annuity ("Annuity Issuer"). For any Annuity held in your Portfolio, you authorize your Advisor to process all transactions relating to your investment decisions regarding the Annuity in the Account. We will provide you with investment advice and guidance regarding the Annuity and its role in your Portfolio and as to any sub-fund investments, where applicable, associated with the Annuity.

Transactions in Precious Metals. For purchases or sales under our Precious Metals Program, we will enter into a corresponding agency trade on your behalf with the provider of certain services, Gold Bullion International, LLC ("GBI"). Under our agreement with GBI, it is responsible for seeking pricing for the purchase or sale transaction from its network of dealers approved under the Precious Metals Program and will execute the transaction on a principal basis.

Rules for Cash Accounts and Margin Transactions. As a broker-dealer, Merrill Lynch is responsible for compliance with federal margin rules. Except where margin has been specifically permitted, Accounts in the Program are set up as cash Accounts. This account notation 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." 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 of your Account is enhanced (1) when you use multiple Style Managers as they operate independently and are unaware of purchase or sale activity by the other Style Managers; (2) when you change Style Managers

and reconstitute your investments; (3) when you engage in periodic rebalancing (which results in purchases and sales of securities over a short period of time); or (4) when you withdraw cash from your Account when there is a pending order to purchase a security.

Under certain circumstances and for certain Program Strategies, you may use margin in respect of your Account assets. For such Accounts, you must execute the relevant margin agreement.

Custodial Arrangements and Services

Custody with Us. Generally, MLPF&S or one of our Affiliates will act as the custodian for the securities and Funds held in the Program. Your assets will be maintained in one or more central asset accounts established at MLPF&S through the applicable securities account you have opened.

Any assets held in the Program must be and remain free from any lien, charge or other encumbrance, 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 any loans secured or collateralized by your Account, including effecting any loans with our Affiliates. 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.

Custody with an Unrelated Custodian and Your Responsibilities. In limited circumstances and with our consent, you may use a custodian that is not Merrill Lynch or a Related Company (an "Unrelated Custodian") to hold your assets in the Program. Our rights and authority respecting your assets enrolled in the Program, including as to transfers of assets held with the Unrelated Custodian, are limited to those set forth in the Agreement, regardless of any separate agreements or arrangements you may have or may enter into with the Unrelated Custodian. We disclaim any broader rights that may be contained in your separate agreement with the Unrelated Custodian. You will be responsible for all related custodial fees and expenses; these are not covered by the Program Fee. Cash held with an Unrelated Custodian will not be subject to the same sweep arrangements you receive with MLPF&S acting as the custodian, but we will include such cash positions in the value of your Account for the calculation of the Program Fees.

You will be responsible for ensuring that we (and all vendors used by us) are provided with daily access to the Unaffiliated Custodian's systems, transaction and account data and other information necessary to provide adequate account supervision, transaction, billing and other client reports and other necessary services to your Account. You understand that as a result of your use of an Unaffiliated Custodian, you may receive more limited information and reporting, including performance reporting, when we cannot obtain certain required information from the Unaffiliated Custodian.

Furthermore, any performance and other reports or statements provided by us for your Portfolio will be based on information provided by the Unrelated Custodian. We will use this information to calculate the Program Fee, monitor your Target Asset Allocation and for other purposes. We are not responsible for verifying the accuracy of the information provided by the Unrelated Custodian. We are not responsible or liable for any losses or errors, including but not limited to, errors in performance reports and fees charged to the Account, if caused by, or in any way related to, our reliance on such information from, and the acts or omissions of, the Unaffiliated Custodian with respect to the Account. You agree to promptly notify your Advisor about any additions or withdrawals of assets to or

from your Account maintained at an Unrelated Custodian. We will not be responsible or liable for any losses due to your failure to provide such prompt notification.

Special Custody Arrangements for Certain Program Assets. Annuity assets purchased for an Account will be maintained at the Annuity Issuer. Custody of Precious Metals purchased through the Precious Metals Program will be maintained at approved vaults in the name of Merrill Lynch as agent for your exclusive benefit. Although the Precious Metals Program provides for periodic verification procedures, Merrill Lynch may not be able to regularly confirm the existence and amount of Precious Metals held under the Precious Metals Program at a given approved vault location. In lieu of custodianship at one of the approved vaults, subject to certain restrictions, you may elect to take physical delivery of Precious Metals purchased under the Precious Metals Program; however, doing so involves the possibility of significant additional costs and risks. Merrill Lynch is not obligated to satisfy your request to take physical delivery. For more information please review the Precious Metals Disclosure Statement.

Proxy Voting

Proxy Delegation Options. You have the right to vote proxies for securities held in your Account. You also have the option under certain Program Strategies to delegate proxy voting authority directly to a proxy voting service provider we have engaged and made available to you ("Proxy Delegation Vendor"). You are able to set your proxy voting preference for each of your Accounts in the Program as outlined in this section.

You may not delegate to us, and we do not assume proxy voting authority from you for, any securities other than the Specified Investments described below.

Based upon its oversight process, Merrill Lynch, upon the recommendation of the proxy voting committees of MLPF&S and MAA, has made Institutional Shareholder Services, Inc. ("ISS") available as the Proxy Delegation Vendor in the Program. ISS offers certain proxy voting policies from which you may select depending on your viewpoint on certain corporate governance and other issues. See further information at "ISS Voting Policies and Other Matters" in this section.

You provide to us your initial instruction regarding proxy voting in the section "Your Account Preferences Page" in your Agreement. You may have a different election for each of your Accounts. Each election will apply to the Account specified unless the proxy voting option you elect is no longer available, or until you make a different election. For each Account, your proxy voting election will be reflected in your initial Portfolio Summary (a periodic communication we provide to you that contains important information about your Portfolios).

As indicated in the Agreement, unless you notify us in writing, you have instructed us that:

- For any Account with a Personalized Strategy with Client Discretion, you retain proxy voting authority for securities in that Account.
- For any Account with a Managed Strategy, a Custom Managed Strategy, a Defined Strategy or a Personalized Strategy with Advisor Discretion, you delegate voting discretion (1) to ISS or its successor proxy voting service as the Proxy Delegation Vendor for your Account, voting under its benchmark voting policies and guidelines, and (2) to us for securities (other than Funds) that the Proxy Delegation Vendor is unable to vote under its policies ("Specified Investments").

If you subsequently change your Account to a Personalized Strategy with Client Discretion, any delegation as set forth above will cease and you will retain proxy voting authority for your Account. This is because the Proxy Delegation Vendor option is not available for Personalized Strategy with Client Discretion.

Electing to Vote Proxies Yourself. When you retain proxy voting authority, 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 we are the custodian of your Account and do not receive voting instructions from you or your delegate, we will comply with the rules of the SEC and applicable self-regulatory organizations relating to such matters, as required by law. If your Account is an ERISA Plan, you represent that plan documents and applicable law authorize voting authority to be reserved to the trustee either in the discretion of the trustee or pursuant to the discretion of a named fiduciary.

Unless you and we agree otherwise, you must retain the right to vote proxies for (1) any securities held in an Account at an Unrelated Custodian; (2) a Retirement Account, if, in addition to ERISA standards, where applicable, you wish any other proxy voting objectives to be considered; and (3) certain hedge funds.

Electing to Delegate to the Proxy Delegation Vendor. If you make the Proxy Delegation Vendor election, you delegate proxy voting authority directly (1) to the Proxy Delegation Vendor for all securities held in your Account that are not Specified Investments, including shares of Funds and (2) to MAA or MLPF&S for Specified Investments, with certain exceptions. You will retain the right to vote proxies that are neither covered by the Proxy Delegation Vendor nor included as Specified Investments. If we replace the current Proxy Delegation Vendor with another Proxy Delegation Vendor, we will provide you with notice of the change. You may choose to rescind the proxy voting authority that you delegated by contacting your Advisor.

Proxy Voting for Specified Investments. You delegate proxy voting authority to MAA or MLPF&S, as applicable, to vote proxies and receive other issuer-related material for Specified Investments with certain exceptions as noted below. In the event that a security that is a Specified Investment becomes covered by the Proxy Delegation Vendor's applicable proxy or proxy voting services, then MLPF&S' and MAA's authority, as applicable, to vote proxies for that security terminates and the authority to vote proxies will instead be granted to the Proxy Delegation Vendor.

In the event a conflict arises with a Specified Investment, then MAA's or MLPF&S' authority to vote proxies for that investment will terminate and voting authority will revert to you. In that event, we will use our best efforts to send to you all issuer-related materials for such security held in your Account. Delivery of those issuer-related materials to you will constitute notice that proxy voting authority with respect to a security has reverted to you. In instances where we have determined that it is not possible to send the materials to you given timing or other circumstances, the proxies of such securities will not be voted.

Circumstances When No Proxy Voting May Occur. Generally, MAA, MLPF&S and the Proxy Delegation Vendor, as the case may be, will not vote under in the following circumstances:

- The proxy or other relevant materials are not received with sufficient time in advance for either of us to conduct an appropriate analysis or to timely cast a vote.
- Either MAA, MLPF&S or the Proxy Delegation Vendor, as the case may be, concludes that the cost of voting the proxy will exceed the potential benefit to you.
- In respect of foreign ordinary securities, if voting may cause the sale of the security to be prohibited under foreign law for a period of time, usually the time between the record and meeting dates.
- Where MAA, MLPF&S or the Proxy Delegation Vendor, as the case may be, is unable to obtain supplemental information that it deems necessary to make an informed decision regarding the manner in which to vote.

ISS Voting Policies and Other Matters. If you direct the Proxy Delegation Vendor to vote proxies, it will exercise the applicable voting authority in its sole discretion in accordance with its proxy voting policies and procedures. The applicable policies and procedures (“ISS Voting Policies”) and how ISS voted securities held in your Account are available at vds.issproxy.com/3584 (the “Proxy Website”). ISS will vote proxies in accordance with the ISS Voting Policies - Benchmark Policy Recommendations unless you elect another available ISS Voting Policy. ISS Voting Policies are updated annually by ISS and are available via the Proxy Website or upon request. ISS has represented to us that the ISS Voting Policies are consistent with ERISA standards.

ISS has significant relationships with companies on which ISS also furnishes proxy voting advice as part of its proxy voting guideline services. Information relating to ISS’ significant relationships with companies whose securities are held in your Account is available by contacting us at dg.msg-proxy@ml.com. Additional information about ISS is available on ISS’ website at issgovernance.com or by contacting us at dg.msg-proxy@ml.com. The ADV 2A firm brochure of ISS is also available at the SEC’s website at adviserinfo.sec.gov.

MAA and MLPF&S Proxy Voting Policies. For Specified Investments, Merrill Lynch and/or MAA will exercise the applicable voting authority in its sole discretion in accordance with its respective proxy voting policies and procedures. These policies and procedures are designed to ensure that proxy voting decisions are made in the best interests of our clients. Each of Merrill Lynch and MAA have a proxy voting committee to address proxy voting issues and develop proxy voting guidelines. The respective proxy voting committee may elect to vote a particular proxy in a manner contrary to its generally stated guidelines if it determines that doing so is in the best interest of clients in its judgment. In addition, each committee has adopted specific proxy voting procedures to address potential conflicts of interest. When a potential conflict is identified, the proxy voting committee may choose to manage the potential conflict by retaining an independent fiduciary to advise it on how to vote, by making a best efforts attempt to revert proxy voting authority to the client or by taking other possible approaches as described in the proxy voting procedures. A copy of each of MAA’s and MLPF&S’s proxy voting policies and procedures are available upon request. If you would like a copy, or if you would like information about how MAA or MLPF&S voted securities held in your Account, please refer to dg.msg-proxy@ml.com or contact your Advisor.

As a broker dealer, MLPF&S 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 regulation.

Delivery of Trade Confirmation Statements on a Quarterly Basis

You may elect to receive trade transaction information on a periodic basis (at least quarterly) in lieu of trade-by-trade confirmations. To receive periodic trade transactional information, where permitted, you must make an election in the Account Preferences section in your Agreement or provide us with a written letter of authorization. This periodic transaction notification election is not available: (1) where you have selected a Personalized Strategy with Client Discretion; (2) where you have invested in certain Custom Managed Strategies; (3) where the assets in your Account are held at an Unrelated Custodian; and (4) where you have enrolled in our electronic delivery service for trade confirmations via MyMerrill, the internet website designated by us for this purpose at mymerrill.com, as this service will provide an electronic confirmation on a trade-by-trade basis.

The election will apply to the Accounts you designate until such instruction is changed. Your election, if made, will be reflected in your Portfolio Summary. You can rescind this instruction in writing at any time. Electing periodic trade confirmation statements will not result in any change to the Program Fee and is not a condition to receiving the Program Services. You may request to receive, at no additional cost, trade-by-trade confirmations for transactions effected for your Account for up to one year after we send the last periodic statement reflecting those transactions. You may request interim updates and further details concerning any transaction by calling your Advisor or reviewing your activity through MyMerrill.

Electronic Delivery of Program Materials

When you enrolled in the Program, you acknowledged in the Agreement that you had received certain Program materials such as this Brochure, your Advisor’s and any other Merrill Lynch Brochure Supplements, any applicable Style Manager disclosure documents and Profiles, any applicable Fund materials, and, for Retirement Accounts, the Retirement Account Addendum. Additional copies may be requested from your Advisor at any time and will be provided without charge. For your reference and convenience, we have posted this Brochure and a listing of the Style Managers available in the Program and other information at mymerrill.com/ADV/materials.

If you elected to have Style Manager disclosure documents and brochures currently provided to you in the Agreement electronically through CD-ROM, USB memory stick or other digital media format, we will be providing access to these documents via CD-ROM or through mymerrill.com/ADV/materials. You may also ask your Advisor for a paper copy of these documents at any time. You may revoke your consent to electronic delivery of Style Manager disclosure documents and brochures and receive paper copies of these documents by contacting your Advisor. From time to time, we may deliver paper copies of documents relating to your Account notwithstanding your Account preference.

You may also separately request electronic delivery of certain Program materials, including the Brochure, any Account-specific documents (and any changes or amendments) as well as other Program notices and materials, by signing up for electronic delivery via our internet website MyMerrill at mymerrill.com. If you consent to electronic delivery at that website, you will generally authorize us to deliver Program documents, disclosures and notices to you electronically. Electronic delivery through this process may not be available for all Program-related communications, and in that case, we will send paper copies to you. There are separate procedures for enrollment and unenrollment through mymerrill.com.

Rebalancing Service and Automatic Contribution/Withdrawal Service

For any of your Accounts having a Personalized Strategy with Client Discretion, you may enroll at no additional cost in the following:

- The Rebalancing Service—for scheduled automatic rebalancing of selected securities in your Account.
- The Automatic Contribution/ Withdrawal Service—for scheduled contributions to or withdrawals from your Account.

You can enroll in either of these optional Services by submitting the form Letter of Authorization (“LOA”) for the service. By doing so, you authorize us to effect the chosen scheduled service and related securities transactions (each, an “Automatic Transaction”) on an ongoing basis without making any additional contact with you. Your instructions will continue in effect until any expiration date in the LOA is reached (if applicable) or you change or cancel your instructions, or your Account is terminated. You can change or cancel your instructions at any time. The LOA supplements your Agreement, sets forth the terms and conditions of

the optional Services and enrolls you in the optional service you select. You should carefully review and understand the terms of the LOA and how it affects your Account before enrolling in one of these optional Services. We may terminate the offering of these optional Services at any time upon prior notice to existing participants.

Only certain equity securities, certain Funds (mutual funds, ETFs, and publicly traded closed-end funds) and cash and cash alternatives are eligible for these optional Services. We may, from time to time, change which assets will be eligible. For both the optional Rebalancing Service and the Automatic Contribution and Withdrawal Service, your designations will be recorded on Schedule A to the applicable LOA. If you want to add to, delete or otherwise change your assets subject to the optional Services or your target allocation percentage designations, you must confirm these changes with your Advisor.

Neither we nor our Affiliates, employees, or agents will be liable for any loss or expense that may result from your use of any of these optional Services. There may be current tax consequences with any transaction occurring under these optional Services. Neither we nor our Advisors provide tax, accounting or legal advice and you should review any planned financial transactions or arrangements with your professional tax or legal advisors for these matters.

The Program Fee and Other Charges

You agree to pay the Program Fee to Merrill Lynch for the Program Services provided under the Agreement for each Account, including the professional services provided by your Advisor. The Program Fee is the sum of:

- (1) the fee charged by Merrill Lynch for the Services (the “Merrill Lynch Fee”) at the rate agreed to between you and your Advisor (the “Merrill Lynch Fee Rate”) and
- (2) any fee charged by a Style Manager for a Style Manager Strategy that you select, if applicable, for your Account based on the rate charged by the Style Manager for its Style Manager Strategy (the “Style Manager Expense Rate”).

Each of your Accounts may be subject to a different Merrill Lynch Fee Rate, which will be calculated separately for each Account.

The Program Fee applicable to each of your Accounts will be set forth in your Portfolio Summary. We will send you the Portfolio Summary upon enrollment into the Program. We will provide you an updated Portfolio Summary upon any subsequent Account enrollment or certain changes to your Account or any change in the Merrill Lynch Fee Rate. If you have chosen a Style Manager Strategy, you can see the applicable Style Manager Expense Rate listed in the Style Manager Profile or at the Style Manager Strategy Listing at mymerill.com/ADV/materials.

Please review this section of this Brochure carefully to understand how your fees are calculated and charged to your Account. Please also review the disclosure regarding compensation that we and Advisors receive as a result of a client’s participation in the Program discussed in Item 9 at the sections “Compensation, Conflicts of Interest and Material Relationships” and “Referral Arrangements.”

Merrill Lynch Fee Rate and the Style Manager Expense Rate

The following applies to the determination and calculation of the Program Fee and its componets, the Merrill Lynch Fee Rate and Style Manager Expense Rate:

- The Merrill Lynch Fee Rate cannot exceed the following *maximum* rates: 2.2% rate for Accounts with a value of less than \$5 million and 2.0% for Accounts with a value of \$5 million or greater (the “Merrill Lynch Rate Schedule”).
- You and your Advisor may agree to a Merrill Lynch Fee Rate that is less than the maximum rate in the Merrill Lynch Rate Schedule. The

extent to which we may agree on a fee rate that is less than the maximum Merrill Lynch Fee Rate is solely within your Advisor’s and our discretion.

- The Merrill Lynch Fee Rate applicable to your Account may vary from month to month based on the value of the assets in your Account, or as you may otherwise agree with your Advisor, but generally will not change within any given month.
- The Style Manager Expense Rate applicable to your Account will vary depending on the Style Manager’s investment strategy that you select. The Style Manager Expense Rates generally range from 0.14% to 0.65%. If a Style Manager’s investment strategy has a fee above 0.65%, you will be provided with prior notice regarding the fee. A listing of the Style Managers available in the Program and their Style Manager Expense Rates may be reviewed at mymerill.com/ADV/materials or you can obtain a copy from your Advisor. The Style Manager Expense Rate may change from time to time and you will receive notice of any rate increase.
- If the Strategy you select includes a combination of Style Manager Strategies, each applicable Style Manager Expense Rate will be applied proportionately to the value of your assets with each Style Manager’s investment strategy. In the event that the actual asset allocation is not available, the strategy allocation of the Style Manager (instead of your actual allocation) will be used to calculate the Style Manager Expense Rate component 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 Lynch will use a variety of pricing sources in calculating the value of the assets in your Account, including Affiliates.
- The Program Fee does not include all of the charges that may apply to your Account; please see additional information in the section “What Is Not Covered By Your Program Fee.”
- The Merrill Lynch Rate Schedule is subject to change from time to time, upon notice to you. Your continued use of our Services will constitute your agreement to this change.
- You and your Advisor may agree to a change to the Merrill Lynch Fee Rate at any time and we will provide you an updated Portfolio Summary upon any such change. Your continued use of our Services will constitute your agreement to any such change to the Merrill Lynch Fee Rate.

For participating Trust Management Accounts (“TMA”) which are accounts over which U.S. Trust has investment discretion, please refer to your U.S. Trust Agency Agreement (or a similar agreement), as applicable, and/or TMA Brochure and Fee Schedule in addition to this Program Brochure for information relating to fees and expenses and other matters regarding your TMA account.

In our discretion, we may consider, in addition to the assets in your Account, certain assets and liabilities at Merrill Lynch held by you or others in determining the applicable Merrill Lynch Fee Rate from month to month. Our consideration of these other assets and liabilities may result in a Merrill Lynch Fee Rate that is lower than the one that would have been applicable to your Account if the value of the assets in your Account were only used in making such determination. If such other assets and liabilities are considered, the Merrill Lynch Fee Rate applicable to your Account may vary from month to month based on the fluctuations in the value of these other assets and liabilities. At any time, we may decide to no longer consider those other Merrill Lynch assets and liabilities in determining your Merrill Lynch Fee Rate. In no case will the Merrill Lynch Fee Rate applicable to your Account be higher than the Merrill Lynch Fee Rate you agreed to with your Advisor (set forth in your Portfolio Summary) as determined based solely on the value of the assets in your Account.

Payment of the Program Fee

In the Agreement, you agree to pay the Program Fee. Unless otherwise agreed to between you and MLPF&S in writing, the Program Fee and any other fees payable under the Agreement will be deducted directly from your Account.

Initial Program Fee Assessment. 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 Program Strategy you select. The initial Merrill Lynch Fee component of the Program Fee will be calculated and paid to Merrill Lynch based on: (1) the 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 ($\frac{1}{12}$) of the annual Merrill Lynch Fee Rate applicable to such value, and prorated based on the number of days remaining in the month from the date of required funding.

The initial Style Manager Expense component of the Program Fee will be calculated based on: (1) the value of your assets invested in each Style Manager Strategy 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 ($\frac{1}{12}$) of the annual Style Manager Expense Rate applicable to such value, and prorated based on the number of days remaining in the month from the date of required funding.

Monthly Program Fee Assessment. After the initial Program Fee, the Program Fee is typically charged to your Account during the first week of the current calendar month. The Merrill Lynch Fee component will be calculated and paid to Merrill Lynch 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 ($\frac{1}{12}$) of the annual Merrill Lynch Fee Rate applicable to such value.

Similarly, after the initial Style Manager Expense, the Style Manager Expense component will be calculated based on: (1) the value of your assets invested in each Style Manager Strategy as of the last business day of the previous calendar month and (2) one-twelfth ($\frac{1}{12}$) of the annual Style Manager Strategy Expense Rate applicable to such value.

The following changes to your Account that may occur during the month will not change the Program Fee calculated for the month but will be applied in determining the next month's Program Fee. These include but are not limited to:

- Changes in the value of your Program Account.
- Fluctuations in the value of your assets and liabilities that we, in our discretion, have decided to consider or to no longer consider.
- Changes in the Program Strategies or Style Manager Strategies selected or your allocations among them.
- Changes in rates you may negotiate with Merrill Lynch.

Termination of Your Account and Effect of Certain Program Strategy Changes. If you or we terminate your Account or if you make certain changes to your Program Strategy, 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 or Program Strategy change. For certain Program Strategy changes, we consider the change as an initial enrollment into the new Program Strategy and we will calculate the Merrill Lynch Fee and any Style Manager Expense for the remainder of the month of the change as outlined in the section "Initial Program Fee Assessment." For additional information about Account termination, please review the section "Closing an Account and/or Terminating the Agreement."

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 ancillary services such as our brokerage services relating to your Accounts. These services include: trade execution, clearance and settlement of transactions and custody of assets; the annual underlying MLPF&S securities account fee for all Accounts; fees associated with electronic bill payment; ATM fees imposed by Merrill Lynch (but not other institutions); and fees on secretarial/executive checks, stop payment orders, returned checks, returned deposits and canceled check requests.

The full amount of the Program Fee will be charged in accordance with the terms of the Agreement, regardless of your use of any of the Services offered or of the amount of transactions effected in your Account. The Program Fee that you agree upon with your Advisor is determined on the value of the advisory services provided and obtaining incidental services through the Program should not be a principal consideration in deciding to enroll or remain in the Program. Your Program Fee will not be adjusted for your use of the Services or failure to use the Services, including for your trade activity (including low or no trading activity), your choice of a Style Manager Strategy that engages in trading activity away from us, your decision to custody your assets at another financial institution, or your determination to not implement or follow the investment advice we provide to you.

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 MLPF&S. In calculating such Account values, we will use a variety of pricing sources, including our Affiliates.

Cash Assets. The Program Fee will be applied to cash and cash alternatives held within your Account, including assets in your bank deposit programs and money market fund shares. The Program Fee is in addition to other compensation that we and our Affiliates will earn in connection with these assets. Although your cash will be swept into the cash sweep vehicle you have chosen in connection with opening, or that is available to you through, your underlying securities account, you may experience negative performance on the cash portion of your Portfolio if the Program Fee charged on your cash is higher than the return you receive from your cash sweep choice.

Cash balances and funds pending investment in each of your Accounts will automatically be invested or "swept" in accordance with the cash sweep option that you selected in the underlying Merrill Lynch securities account agreement relating to your Account. See "Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature of Your Account."

There are other alternatives available to you for holding cash assets, including the securities brokerage account, the limited purpose retirement account for Retirement account assets and an Affiliate banking account. In these account alternatives, you may contribute and hold cash and not be subject to a Program Fee charge. These accounts may offer different cash sweep alternatives and yields (potentially higher) than those offered in the Program. Any cash or other assets held outside of the Program will not be considered in the Program and part of the Target Asset Allocation for your Account. We will not be considered an investment advisor or fiduciary with respect to any cash held outside of the Program.

Assets Held with an Unrelated Custodian. If you maintain the assets in your Account with an Unrelated Custodian, MLPF&S will calculate the Program Fee based on information provided by the Unrelated Custodian, which may use a different method to value the securities in the Account than we do. For information regarding the billing methodology used for Accounts with an Unrelated Custodian (including, for example, circumstances relating to the addition of new Accounts or termination of Accounts), please speak with your Advisor. We will not be responsible for verifying the accuracy of information provided by the Unrelated Custodian regarding your Account or any losses or errors that result from that information.

Annuities. Valuations of Annuities used to calculate the Program Fee will be based on the daily end-of-day contract values provided by the Annuity Issuer. We provide no assurance that the end-of-day contract values given to us by the Annuity Issuer and used to calculate the Program Fee are accurate and we do not verify the Annuity Contract values provided.

Alternative Investment Funds. For investments in AI Advisory Units of certain Alternative Investment Funds, including Private Equity Funds, we generally calculate the Program Fee on the basis of estimated and unaudited net asset values or capital account balances provided to us on a periodic basis by the investment managers. The portion of your Program Fee attributable to an investment in a Private Equity Fund will be calculated based on your capital account balance (taking into account changes in valuation) in such Fund as it relates to the amount of capital called that you have actually contributed to the Fund at the time the Program Fee is calculated, rather than your total commitment amount.

We use the most current valuations that we have been provided to calculate the portion of the Program Fee attributable to your investments in AI Advisory Units. It is possible that we will be using a valuation that does not reflect the current net asset value of your AI Advisory Units as of the date the Program Fee is actually calculated for your Account. We will not make any adjustments to future Program Fees if the actual net asset value or capital account balance is subsequently updated.

Due to the highly illiquid nature of investments held by most Private Equity Funds, it is not uncommon for the cost of an underlying investment to deviate materially from the value at which such an investment could be liquidated at any time. Therefore, it is possible that the capital account balance used to determine the Program Fee will be higher than what it would be had such investments been valued on the basis of “fair market value” or some other metric. We provide no assurance that the estimated net asset values or capital balances given to us by the investment managers are accurate and we do not verify the valuations provided by the investment managers.

For more information about how net asset value or capital balance for the AI Advisory Units is determined by the investment manager, please refer to the offering materials for the relevant Alternative Investment Fund.

Precious Metals. Valuations of Precious Metals held under the Precious Metals Program and used to calculate the Program Fee and applicable service fees will be based on average daily valuations provided by GBI. Daily valuations by GBI will in turn be based on the closing average of the top three indicative bids for the relevant bar type and will not be verified by Merrill Lynch.

Assets Subject to Fee Deferral or Exclusion. We have determined that certain assets purchased in the Account will be subject to the Program Fee on a deferred basis (“Fee Deferred Assets”). Fee Deferred Assets include, but are not limited to, certain equity and fixed-income securities and MLIs sold in new-issue offerings for which we are paid an underwriting concession or other sales commission under the terms of the new-issue offering. The Program Fee does not apply to Fee Deferred Assets until one year after the Fee Deferred Asset was purchased in the Program.

Please note that a security or cash that moves from a brokerage or other account at Merrill Lynch or an Affiliate or from another investment firm

into the Program, will become subject to the Program Fee immediately. This includes assets that would otherwise have been Fee Deferred had they been purchased in an Account enrolled in the Program. If you purchased the security in a brokerage account or at another firm prior to enrolling your Account in the Program you may have paid an up-front commission or transaction charge and you will pay the Program Fee once the security is held in an Account enrolled in the Program.

Any securities purchases in an initial public offering or any primary or secondary new issue offering in an account other than one enrolled in the Program will be subject to the Program Fee immediately upon transfer to an Account. This means we and your Advisor initially receive compensation in the form of an up-front underwriting sales commission paid in connection with the offering as well as from the ongoing Program Fee once the security is transferred to an Account. You may determine to transfer such securities into an Account enrolled in the Program to receive the Services, to consolidate positions and holdings and to eliminate commission charges for any subsequent sale that would have been imposed in a brokerage account.

You should assess your own trading patterns, objectives and intention to utilize the Services under the Program to determine whether purchases and sales of Fee Deferred Assets should be effected in your Account where the Program Fee will apply after one year, or whether transactions should be effected in a brokerage account where you will pay up-front commissions.

We have designated certain assets to be excluded from the Program Fee and not subject to the Services in the Program (“Excluded Assets”). We may require you to transfer any Excluded Assets out of your Account. Failure to comply with a request to transfer out such Excluded Assets may result in the termination of the Account from the Program. Please note that consistent with regulation and the terms of the Agreement, we are not an investment adviser or a fiduciary with respect to any Excluded Asset.

Commissions or other transaction-based compensation will apply to purchases and sales of Fee Deferred Assets and Excluded Assets because we have not charged the Program Fee on the value of these securities. This compensation may be more or less than the Program Fee that would have been charged. We reserve the right to designate assets as Fee Deferred Assets or Excluded Assets and to re-designate a Fee Deferred Asset or Excluded Asset as an asset covered by the Program Fee without notice to you.

What Is Not Covered by Your Program Fee

Your Program Fee does not cover the following expenses, charges and costs:

- Mark-ups, mark-downs, spreads, underwriting fees or selling concessions or other transaction charges with respect to any principal transaction effected by us or our Affiliates or with respect to any transaction we or a Discretionary Manager execute with an Unaffiliated Investment Firm acting as a dealer.
- Commissions, mark-ups or mark-down charges, sales charges or penalties charged on purchases and sales of Fee Deferred Assets and Excluded Assets.
- Margin interest and fees and charges, charged by us or third parties, that are imposed for any margin strategy or for any securities that are shorted as part of an options strategy and that are in limited supply (*i.e.*, the shorted securities are “in demand”).
- 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.

- Custodial fees and expenses associated with your use of an Unrelated Custodian.
- Commissions and charges for transactions in foreign ordinary securities and dealer spreads or mark-ups in connection with foreign currency conversions, including in connection with ADRs.
- Any other charges imposed by law or otherwise agreed to by you and Merrill Lynch with regard to your Account, including those charges payable to Merrill Lynch and/or third parties as described in the Brochure.

Fund Investment Costs. If you invest in Funds as part of your Portfolio, as with any Fund investment, you will bear your proportionate share of such Fund's fees and expenses including, but not limited to, management fees and performance-based compensation paid to the Fund's investment managers or their Affiliates, fees payable to the Fund's 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 Lynch and its Affiliates as compensation for services rendered. An investor in a fund-of-funds or feeder fund vehicle will also bear a proportionate share of the fees and expenses of each underlying investment fund.

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 particular Program Strategy will be separate from the Program Fee. The Program Fee does not cover or offset any of the fees and expenses that any Fund may incur for transactions occurring within the Fund itself, including commissions and other transaction-related charges incurred by the Fund, even if we effect these transactions for the Fund or provide services to the Fund.

New Issue Securities and Foreign Ordinary Securities. You will pay the public offering price on securities purchased from an underwriter or dealer involved in a public offering distribution. You acknowledge that the public offering price may reflect costs incurred by the issuer in conducting the offering or distribution with such underwriter or dealer, which may be one of our Affiliates.

For transactions in foreign ordinary securities outside the United States, the unaffiliated foreign broker-dealers we use to effect the transaction will assess a commission charge when acting as agent or receive a dealer spread or markup/down when acting as principal. If a currency conversion is required, the foreign broker-dealer (or its Affiliate) effecting the currency conversion will be remunerated in the form of a dealer spread or markup/down. These commissions/dealer spreads are in addition to the Program Fees payable under the Agreement.

Investments in Precious Metals. When you trade and hold Precious Metals under the Precious Metals Program, you will be subject to transaction and service fees which will be in addition to, and will not be covered or offset by, the Program Fees. A portion of the service fee you are charged by GBI will be allocated between GBI and a Merrill Lynch Affiliate, as compensation for ongoing sub-accounting, reconciliation, transaction and related expenses. Valuations of Precious Metals used to calculate these applicable transaction and service fees will be based on average daily valuations provided by GBI. Daily valuations will in turn be based on the closing average for the top three indicative bids for the relevant bar type and will not be verified by Merrill Lynch. Please consult the Precious Metals Disclosure Document for further details on the amounts charged and allocation arrangements.

Annuities. When you invest in Annuities, you will be subject to fees and charges that are specific to these products, which may include, but are not limited to, mortality and expense risk charges, administrative and distribution fees, charges for optional benefits, surrender charges as well as charges for the underlying investment options. Over time, your total expenses to own an Annuity in an Account enrolled in the Program may be greater than the total expenses to own a similar Annuity outside your Account.

Ability to Obtain Certain Services Separately and for Different Fees

You may pay more or less in the Program than you might otherwise pay if you purchased the Services separately. Depending on your asset allocation and Program Strategy selection, you may find the individual components of your Portfolio are available to you outside of the Program for more or less than you would pay in the Program. You may also be able to obtain the same or similar Services or types of investments through more than one Strategy in the Program, or through other programs and services, both investment advisory and brokerage, offered by Merrill Lynch. 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 and at fees that may be lower or higher than the fees we charge.

You should discuss the brokerage and investment advisory services we make available with your Advisor to determine which may be most appropriate for you. When you compare the Strategies, account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for a fee-based or commission-based relationship.
- Your preference regarding access to a dedicated Advisor.
- The types of investment vehicles and solutions that are available in each Strategy, Merrill Lynch program or service and their costs.
- How much trading activity you expect to take place in your Account.
- 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.

Other Investment Advisory Programs We Offer. We offer other investment advisory programs, including the Merrill Edge Guided Investing ("MEGI") and the Merrill Edge Select Portfolios ("MESP") through the Merrill Edge Advisory Account program. ***These and other of our investment advisory programs make available certain investment strategies that are the same as or similar to those available in the Program.***

This Program, however, differs from the MEGI and MESP programs in a number of important respects, including that:

- You have access to a broader range of investment strategies and solutions.
- You may implement with your Advisor a potentially more customized investment solution for your Portfolio using the Program Strategy options available in the Program.
- You have direct access to and advice and guidance from your Advisor whom you have personally selected and chosen to work with to discuss the particular investment strategy and available alternatives.

Depending on the Program Fee you have agreed to pay these investment strategies could be available at a higher or lower cost in MEGI or MESP. The services that are available to you from other investment advisory programs, including MEGI or MESP, are different from the Services you receive through the Program. You should discuss with your Advisor the investment solutions, services and Managed Strategies available to determine which may be most appropriate for you. We have provided you with materials that help to explain the various platform and programs we offer, including the documents "Summary of Programs and Services" and "Understanding Your Relationship with Us—Brokerage and Investment Advisory Services." Additional copies of these materials are available from your Advisor upon request.

We also offer investment advisory services for certain investment strategies offered by third-party investment managers through (1) the Merrill Lynch Strategic Portfolio Advisor Service ("SPA") which involves the client entering into a separate agreement with the managers for discretionary management services, and (2) the Merrill Lynch Managed Account Service ("MAS"), a program designed to accommodate a client's selection, without recommendation by us, of a third-party investment manager that is not currently available in a Merrill Lynch advisory program. There are important differences among this Program, SPA and MAS in terms of the involvement of your Advisor in providing ongoing advice, the services, structure and administration, the depth of research conducted on the managers available in the programs and the applicable fees. You may request a copy of these programs' materials by contacting your Advisor.

Funding and Operation of Accounts

Opening and Funding Your Account. With the Agreement, you can open or enroll an Account and any subsequent Accounts into the Program in the same capacity with verbal, electronic or written instructions. You may need to sign a separate Agreement if you want to open an Account in any other capacity. Examples of different capacities include an individual, a trustee of a trust, a personal representative or executor of an estate, a guardian for a minor, a business entity (e.g., corporation, partnership), a non-IRA retirement plan and an endowment.

The effective date of the Agreement for each of your Accounts will be the date of its acceptance by us and will be set forth in the Portfolio Summary. Any preliminary discussions or recommendations provided to you before Merrill Lynch accepts 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 are ineligible for the Program or otherwise unacceptable. 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.

If we determine any contributed asset is not eligible or is unacceptable, the Agreement allows us to transfer this asset to a securities brokerage account or sell the asset as promptly as practicable, including on a principal basis, and charge you a commission for the sale of the asset.

If you select a Managed Strategy or Custom Managed Strategy for your Account, we will as a general matter sell any assets you may have in your Account in order to invest in accordance with the Style Manager's recommendations. 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 or other account. We will not act as a fiduciary or an investment adviser in connection with these sale transactions. You are responsible for all tax liabilities arising from any sale of such ineligible or unacceptable assets.

Special Note about Funding Your Account with Fund Shares. Before contributing 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 charges or redemption fee. These fees, where applicable, will remain your responsibility and will be in addition to the Program Fee.

Each Fund has its own system of Fund share classes for certain types of clients and accounts. 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 any associated sales or Rule 12b-1 fees although there are some Funds available in the Program that have associated Rule 12b-1 fees due to share class availability.

If you contribute or hold mutual fund shares that we deem to be ineligible for the Program, depending on the Program Strategy you have selected, we will either sell them and purchase the share class eligible for the Program or we will exchange them (under the authority provided to us under the Agreement, Fund prospectus rules and our own policies) into the Program eligible share class. 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. We may require that you remove certain Funds from your Account. Prior to contributing any mutual fund shares to your Account, you should discuss the impact of the sale or exchange of these shares with your Advisor. Depending on your Program Fee, by contributing 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.

In addition, from time to time a mutual fund that is a Registered Fund may authorize us to make available to clients participating in the Program a class of shares of such Registered 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 the same Registered Fund with the lower fee structure.

Only certain units of certain Alternative Investment Funds may be contributed to your Account. You may be able to elect to convert such units to AI Advisory Units if permitted under the applicable offering materials. Only certain Annuities and certain Alternative Investment Funds, including Private Equity Funds, may be contributed to or held in your Account.

Contributions and Withdrawals. 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 Managed Strategy or a Custom Managed Strategy and the date that MAA invests such funds (and/or liquidates contributed securities, if applicable) in accordance with the applicable Profile and Program guidelines. We will not be liable for any lost opportunity profits that may result from a delay in investing any contributed securities.

In connection with withdrawal requests, liquidation of certain securities may be required and advance notice is required. The following will apply to our handling of a withdrawal request:

- We require at least five business day's prior notice before you withdraw assets from an Account using a Managed or a Custom Managed Strategy.
- For Managed and Custom Managed Strategy Accounts, if you do not withdraw the proceeds received from a liquidation from the Account within 15 calendar days after the proceeds have settled in the Account, we may reinvest the proceeds back into the applicable Strategy without notifying you.
- We reserve the right to terminate any Account that falls below the required minimum asset size as reflected in the applicable Profile for a Managed or Custom Managed Strategy.
- In certain situations, it may take longer than five business days before you can access your requested funds.
- In certain circumstances, you may not be permitted to redeem all or a portion of your investment in an Alternative Investment Fund at the time of your choosing and you may be required to hold such investments indefinitely. There is no ability to redeem or withdraw an investment in a Private Equity Fund.
- We will charge the Program Fee on the value of your Account investments (except for certain Alternative Investment Funds) until the proceeds from any sale or redemption have moved out of the

Account. For certain Alternative Investment Funds, all or a portion of your redemption proceeds may not be available to you for a period of time following the effective date of redemption (the date on which the Alternative Investment Fund has provided as the redemption date for the particular investment (i.e., the monthly or quarterly scheduled date). You will continue to pay the Program Fee on the value of your investment in a particular Alternative Investment Fund until that effective redemption date.

- Frequent withdrawals from your Account may affect the achievement of your investment objectives and taxable gains and losses may be realized as a result of your withdrawal instructions.
- Your Account's trading activity may impact available funds for an Account under margin rules. Please see Item 4 at the section "Brokerage and Custodial Arrangements and Services" for additional information.

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 all Accounts. You may also terminate any Account by giving us notice of such Account termination. Your termination of a particular Account will not automatically terminate any of your other Accounts.

Upon termination of an Account or the Agreement, a pro-rata adjustment to the Program Fees 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. You or any other party acting on your behalf will then have the sole responsibility for the investment of assets in the terminated Account. In the event of a termination, the Account assets, including Fund investments, will not be liquidated but will be held in your account, which will then be subject solely to the Merrill Lynch securities brokerage account agreement, which depending on the type of account may be one providing limited transactional services.

Notwithstanding the foregoing, there are certain Funds, Alternative Investment Funds and other securities that are not eligible to be held in an account that is not enrolled in the Program. Upon Account termination or termination of the Agreement, these securities will be automatically liquidated, redeemed or exchanged into another appropriate share or unit class as required by their applicable offering materials. Additional fees and expenses may apply upon any such liquidation, redemption or exchange. Note that AI Advisory Units of a Private Equity Fund will be converted into another tranche of securities that are subject to fees payable to Merrill Lynch or one of its Affiliates. Any liquidation, redemption or exchange will generally be effected by the close of the next business day following termination or as soon as practicable thereafter. For certain securities, such as those traded on a when-issued basis or as odd-lots, the liquidation or redemption process may take longer.

If you hold any Annuities in your Account, upon termination of your Account, Merrill Lynch and MLLA will no longer act in any capacity respecting the Annuity, including as broker-dealer of record for such Annuity, custodian (or beneficiary) for such Annuity or as general agent and insurance broker for such Annuity. We will resign all positions and you will have to make alternative arrangements for the holding of this asset. You should discuss the impact of an Account's termination from the Program with respect to an Annuity with your Advisor.

Termination of your Account will be effective following the completion of processes that may be required to terminate the Account, including any required liquidations.

The termination of your Advisor's employment with Merrill Lynch will not automatically terminate the Agreement. In the event that your Advisor is no longer able to service your Account, we will transfer that Account to a different Advisor and you will be notified of any such transfer.

Cash Balances and the Cash Sweep Feature of Your Account. At times, a Program Strategy that you have chosen for your Account may have different cash allocations based on the investment solutions used in the Program Strategy or in light of current market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, such cash allocations may comprise all or a substantial portion of your assets invested in a particular Program Strategy for defensive purposes and for other cash management purposes.

Cash balances and funds pending investment in each of your Accounts will automatically be invested or "swept," in accordance with the cash sweep option that you selected in the underlying Merrill Lynch securities account agreement relating to your Account. Neither your Advisor nor MLPF&S can make the sweep option election for you. Cash balances in Accounts with Unrelated Custodians will not be subject to these sweep arrangements. The sweep will not take effect and therefore your cash will not be deposited/invested in the selected sweep option until Merrill Lynch has on file a signed securities account agreement. We reserve the right to terminate you from the Program if we do not have a signed securities brokerage account agreement on file with MLPF&S.

You may elect a "no sweep" option for the cash balances held in your Account and your cash balances 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.

Depending upon the type of securities account that you establish, cash balances will be swept to BANA and other banks related to us, money market mutual funds or to other cash sweep options we make available. With certain account types, only certain sweep options are available and they may not be any of these types.

If cash balances are deposited in a bank deposit account pursuant to the Merrill Lynch Bank Deposit Program, Insured Savings Account Program or Retirement Assets Savings Program, cash will be placed in an account bearing a reasonable rate of interest and BANA and any other participating depository institution will benefit from its use of the deposits. We or our Affiliates will receive compensation from BANA and any other of our related banks and from any participating depository institution. This compensation will be in addition to, and will not reduce, your Program Fee, except as required by law.

Cash balances held in a money market Fund are subject to such Fund's management, distribution, transfer agent, and other expenses. See Item 9 at the section "Certain Arrangements with Funds and Fund-Related Compensation" for more information. These fees and expenses are in addition to, and will not reduce your Program Fees, except as required by law.

The applicable terms of the available sweep options are described in the disclosures that you received in connection with the underlying MLPF&S securities account for your Account, and are also available from your Advisor.

Legal Matters and Related Notifications. We will not advise or act for you with respect to any legal matters (other than proxy voting) for securities held in your Account, including bankruptcies or class actions. As a broker dealer, we will endeavor to send you any documents received with respect to such matters. You may enroll in the Merrill Lynch Class Action Settlement Service, a separate administrative service. Please note that this service is not part of the Program or covered by the Program Fee.

Tax Matters

The wide ranging variety of investments that may be covered by the Program makes it impossible to alert you to the tax risks and consequences of each investment. You are responsible for all tax liabilities

and tax-return filing obligations arising from the transactions in the Program. You also are responsible for all tax liabilities and tax-return filing obligations arising from all transactions in your Account. We are not responsible for attempting to obtain any tax credit or similar item or preparing and filing or 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.

If you are an investor with special circumstances such as a non-U.S. resident or an entity sensitive to unrelated business taxable income, you should also discuss with your qualified tax professional the tax consequences of each investment to be held in your Account as there may be additional tax withholding, reporting and payment obligations which may result from such investments. Special tax rules may apply to the investments themselves which may result in unique tax consequences to you. In some circumstances, certain tax elections may be able to be made that will affect the tax consequences arising from such an investment. Certain investments (such as master limited partnerships) may result in tax consequences to investors that are subject to tax on unrelated business taxable income and you will be responsible for the reporting and filing of tax returns and the payment of the associated income tax resulting from such investments.

You should be aware that tax consequences may arise when Portfolio changes occur such as rebalancing, liquidations and redemptions. To the extent we act on your instructions to effect transactions which have tax consequences, we specifically disclaim any undertaking of tax management of your Account or investments and assume no responsibility for any resulting tax consequences. For example, if you direct us to realize gains in your Accounts, we will resume normal trading activity, which 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 Accounts, we will resume normal trading activity, which could generate new taxable losses or gains. Consistent with an instruction that the intention is to recognize losses consistent with the wash sale rules under the Code with respect to securities, we will attempt to undertake the following: (1) we will restrict purchases for securities sold for a loss for a minimum of thirty-one calendar days; (2) we will not allow securities currently at a loss to be sold in the Account if a purchase of a substantially similar security occurred within thirty days before the sale; and (3) we may, 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 sales rules under the Code. 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

Client and Advisor Eligibility

Investors generally eligible to participate in the Program include individuals, trusts, estates, charitable organizations, banks, insurance companies, thrift institutions, pension and profit sharing plans, corporations and virtually all other types of business as defined by us. Not all types of investors are eligible for each Strategy.

Not all Advisors offer all Strategies available in the Program. If your Advisor is not able to offer a particular Strategy, you may be able to access such Strategy through another Advisor. You should discuss the Strategies that are available to you with your Advisor.

Program Minimums

There is generally no minimum asset requirement to participate in the Program; however, certain Managed Strategies and Style Manager Strategies require minimum investment amounts as reflected in the applicable Profile.

Retirement Accounts

The following information applies to all Retirement Accounts enrolled in the Program:

- When holding shares of a mutual fund, the sub-accounting service or distribution fees received by us or our Affiliate from the mutual fund or a fund service provider or its Affiliate, will be credited to the Retirement Account on a periodic basis.
- We may in the future offer Related Funds in the Program in which your Retirement Account may invest. For investments, including through the cash sweep program, any advisory fee or other compensation paid to Merrill Lynch or our Affiliates that is incurred in connection with the investment in a Related Fund, or any Style Manager Expense incurred in connection with the investment with such Related Style Manager, will be credited to the Retirement Account on a periodic basis, to the extent required by law.
- If you contribute to a Retirement Account or hold in a Retirement Account mutual fund shares that we deem to be ineligible for the Program, such shares will be exchanged into a class of shares of the same mutual fund that we deem to be eligible and will thereafter be subject to the Program Fee. The timing of any such exchange is determined by us in our sole discretion. Prior to contributing any mutual fund shares to your Retirement Account, you should discuss the impact of an exchange with your Advisor.
- Certain assets are deemed “Excluded Assets” and are not eligible for the Program and Merrill Lynch may require you to sell or transfer the Excluded Asset to a securities brokerage account which may have certain limitations or restrictions. This may create an incentive for your Advisor to recommend the sale of your investment in the “Excluded Asset” in lieu of transferring it.
- If you invest through your Retirement Accounts in Alternative Investment Funds, you will purchase shares or units specifically structured for Retirement Account investors that do not provide for fee sharing with, or payment of placement or selling agent fees to, Merrill Lynch or our Affiliates.
- Certain Alternative Investment Funds (or the sponsors or managers) or one or more portfolio companies in which an Alternative Investment Fund holds an interest may use the services of Merrill Lynch or one of our Affiliates in the ordinary course of the fund’s or portfolio company’s business. In such a case, Merrill Lynch or one of our Affiliates may receive compensation for its services from the Alternative Investment Fund, a portfolio company or their respective managers (none of which are Affiliates of Merrill Lynch). As a result of receiving this compensation for business activities and services in the ordinary course of our and our Affiliates’ businesses, we may have a conflict of interest in selecting certain Alternative Investment Funds for inclusion in the Program over others and recommending a particular Alternative Investment Fund for investment over others. If Merrill Lynch determines that receiving (or continuing to receive) such compensation may constitute a non-exempt prohibited transaction under ERISA or the Code, Merrill Lynch will take action to credit your Program Fee and any other action it deems appropriate and

consistent with its obligations, including limiting or prohibiting additional Retirement Account investments in such Alternative Investment Funds. Taking any of these actions may create an incentive for your Advisor to recommend the sale of your investment in the Alternative Investment Fund.

- If your Retirement Account receives an in-kind distribution (e.g., that is, a distribution that is not made in cash) from the Alternative Investment Fund, you are responsible for ensuring that your Retirement Account may accept and hold the distributed asset and that no prohibited transaction under ERISA or the Code will result. Merrill Lynch will not monitor the ability of Retirement Accounts to receive in-kind distributions from Alternative Investment Funds and will not be acting as a fiduciary under ERISA or otherwise with respect to an in-kind distribution made to your Retirement Account. You should consult with your tax advisors concerning receipt of in-kind distributions.

Item 6. Portfolio Manager Selection and Evaluation

Portfolio Manager Selection and Evaluation

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

Through the Program, clients have access to Style Manager Strategies and Funds that offer investment solutions with various investment styles and risk. The available Style Manager Strategies and Funds may be managed by a third-party manager or sponsor or by Merrill Lynch. As a general matter, we decide whether to include particular Style Manager Strategies and Funds in the Program (or to remove them from the Program) based on a variety of factors, including client needs, investment styles available in the marketplace, platform capacity, client demand and the outcome of certain reviews that are conducted by or under the auspices of Merrill Lynch, including through the GWIM CIO, a business group that provides investment solutions, portfolio construction advice and wealth management guidance.

Initial Review and Selection of Style Manager and Funds and Periodic Reviews.

The initial and periodic reviews of Style Manager Strategies and Funds available in the Program are performed by our product teams through an internal business review. In addition, for Style Manager Strategies and a significant number of Funds, we have in place an investment review conducted by or under the auspices of personnel of the GWIM CIO, referred to as the "GWIM CIO Review Process." Currently, certain ETFs and Off-shore Funds available in the Program are subject to internal business reviews and oversight and are not covered in the GWIM CIO Review Process.

The GWIM CIO Review Process consists of proprietary processes conducted by GWIM 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 GWIM CIO deploys but they are not identical. We, through the GWIM 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 appropriate Style Manager Strategies and Funds to meet this need. These factors may include, but are not limited to: organizational structure and stability of a Style Manager or Fund, adherence to investment style, evaluation of risk and volatility, investment professional and strategy resources, investment philosophy and process, portfolio construction, performance, and operating and administrative capability. Based on these factors and using the information collected, the GWIM 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 GWIM CIO Review Process or our internal reviews will identify the best performing Style Manager Strategies or Funds. Please note that there may be particular Style Manager Strategies or Funds that are not reviewed under the GWIM CIO Review Process.

Our reviews may involve in-person visits, telephone conference calls, reviews of performance, and updates of certain Style Manager 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 Managed Strategies and Funds. We do not perform audits of Style Managers or Funds to verify past performance information that the Style Managers or the Funds provide to us.

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

Merrill Lynch may provide you with information about its review of Private Equity Funds and their managers or sponsors. We may determine on the basis of any review or otherwise to take certain actions, including not making such Funds or sponsors available in the Program. Notwithstanding this review or action, due to the nature of an investment in a Private Equity Fund, you will not have any right to redeem or withdraw from any Private Equity Fund investment. We have no obligation to assist you in transferring or otherwise disposing of your investment in such Fund. You should expect to have to retain each Private Equity Fund investment for the duration of its term, even if we make a determination that such Fund, manager or sponsor no longer meets our criteria for remaining in the Program.

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

Information Available to Advisors. We make available guidance to Advisors through regular or ad hoc internal publications, including those from the GWIM CIO, that reflect our internal opinions and views with respect to a Style Manager Strategy or Fund. Your Advisor is not obligated in all circumstances to take action with respect to any such determination and has the ability to decide not to use or follow this additional guidance and to make independent recommendations with respect to Style Manager Strategies and Funds. You should discuss with your Advisor any questions you may have about our views with respect to a particular Style Manager Strategy or Fund.

Information Available in Style Manager Strategy Profiles. We receive the performance information from the Style Manager for use in the Profiles. Each Style Manager may use different methodologies to select and aggregate accounts for performance reporting purposes (i.e., the development of the Style Manager Strategy composite), as well as

different calculation approaches for composite performance results. We make no claim that the Profile performance information has been calculated according to any industry standards. Performance information provided may include hypothetical performance data consisting of mutual fund model results or results of portions of multiple style accounts (such as the equity results of a balanced, equity/fixed-income style). A Profile's performance information can be based on the Style Manager implementing its investment decisions directly and not through MAA. MAA's implementation of investment advice from a Style Manager could result in performance that is materially different from the results that the Style Manager would achieve if it managed your Account directly. 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 Style Manager, however, MAA believes that the Style Manager'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 Style Manager Strategy in your Account may differ from the information presented in the Profile for that Style Manager Strategy.

Strategy Selection and Construction – Responsibility of the Manager or the Advisor. For Managed Strategies, a third-party investment manager as the Style Manager or Merrill Lynch or an Affiliate as the Style Manager, will construct the particular Managed Strategy and select the securities (including, in certain cases, Funds) for its Style Manager Strategy, and will set the allocations or allocation ranges. Managed Strategies are generally organized according to a shared characteristic, such as asset class or investment style. Please refer to the Profile for additional information.

For Custom Managed Strategies, depending on the Authority, either you or your Advisor is responsible for constructing the strategy and selecting the Style Manager Strategies and/or Funds and the allocations for each strategy, which, in either case, may be based on recommendations of your Advisor. For more detailed information, please see Item 4 at the section "Investment Strategy Services Available."

Not all Funds are available for inclusion in a particular Strategy. While substantially all the Funds available to be purchased in your Portfolio have been reviewed for the administrative and operational requirements of Merrill Lynch's platform, not all Funds are subject to the same review process described in the sections "Review and Selection of Strategies and Funds" and "Initial Review and Selection of Style Manager and Funds and Periodic Reviews."

Selection and Review of Strategies Where Merrill Lynch Is a Style Manager. The Style Manager Strategies available in the Program include those that are constructed, implemented and managed by Merrill Lynch, an Affiliate or a Related Company and where Merrill Lynch, an Affiliate or Related Company acts as the Style Manager. These Managed Strategies include those constructed by the GWIM CIO, those that are the subject of BofAML Global Research and those offered by U.S. Trust investment professionals. In addition, MAA has developed certain options overlay strategies designed to be utilized with certain Style Manager Strategies and may develop other overlay strategies for use in the Program. These overlay strategies may be made available to you solely within our discretion.

The inclusion of these Managed Strategies in the Program is subject to internal governance processes and applicable legal restrictions. These Managed Strategies and the Defined Strategies constructed and implemented by an Advisor are not subject to the same level of review that is applicable to third-party Style Managers.

The Program does not currently offer any Funds managed or advised by any of our Affiliates, including any Affiliate of BANA or in which BofA Corp., BANA or any of their Affiliates has a material ownership interest ("Related Fund"). However, to the extent any Related Funds become available, we may allow them to be part of a Managed Strategy and, in such case, in exercising its obligations under the Program, MAA and Style Managers may purchase any such Related Fund.

The conflicts of interest and other considerations arising from the use of Style Manager Strategies constructed, implemented and managed by Merrill Lynch or any of its Affiliates or Related Parties are discussed at Item 9 in the section "Compensation, Conflicts of Interest and Material Relationships."

Advisory Services Provided by Merrill Lynch, Certain Affiliates and Advisors

For the Program Strategy options of (1) Custom Managed Strategies with Advisor Discretion, (2) Defined Strategy, and (3) Personalized Strategy with Advisor Discretion, Merrill Lynch, acting primarily through your Advisor, will generally act as the portfolio manager as described in Item 4 in the section "Investment Strategy Services Available." In addition, if you select either Managed or Custom Managed Strategies, MAA will generally act as the portfolio manager. Please refer to Item 4 in the section "The Managed Strategy and Custom Managed Strategy as Program Strategy Options--Implementation of the Style Manager Strategies and Role of MAA." Finally, in both Managed and Custom Managed Strategies, if you choose a Related Style Manager Strategy, such Related Style Manager will generally act as a portfolio manager, as described in the applicable Profile for the Related Style Manager Strategy.

We act as both the wrap fee program sponsor and the portfolio manager in Managed Strategies described in this Brochure. We also act as the portfolio manager in other wrap fee programs sponsored by us. We receive the entire Merrill Lynch Fee as described in this Brochure. As explained in Item 4 in the section "The Program Fee and Other Charges," the Style Manager Expenses are separate from (and in addition to) the Merrill Lynch Fee component of the Program Fee. We do not retain any portion of the Style Manager Expense, unless Merrill Lynch or an Affiliate serves as the Style Manager and charges a Style Manager Expense.

We also act as an investment advisor in certain other investment advisory programs, like MEGI, MESP, SPA and MAS, which provide investment advisory services that, in certain ways, may be considered similar to the Program Services but are not the same. Additional information about such other programs is available in the "About Us and the Program" and in Item 4 in the section "Ability to Obtain Certain Services Separately and for Different Fees."

Performance-Based Fees

The Program does not charge performance-based fees. Certain mutual funds and Alternative Investment Funds available in the Program, however, may be subject to performance-based fees or varying Fund expense charges that are imposed by the Fund's manager, advisor or other party that are based on performance of the Fund.

Methods of Analysis

The implementation and management of any Program Strategy will be dependent upon your Advisor's investment expertise, philosophy and process. To assist your Advisor, we have made available various resources, including:

- Securities research and guidance prepared by our research department, BofAML Global Research.

- Investment guidance and management research and publications from the GWIM CIO covering macroeconomic and market events and Managed Strategies and Funds.
- Information and assistance from other Merrill Lynch internal specialists and support teams.
- Information from selected third-party research providers and other resources.

We and your Advisor may use various securities analysis methods, including fundamental, technical, quantitative and economic analyses and primary source materials, including company management contacts, company releases, financial and trade publications, corporate rating services, annual reports and filings with governmental agencies. An Advisor may also use other sources of information including, among other things, research reports and market commentary issued by other investment firms that are not affiliated with us.

Your Advisor may use our asset allocation guidance and proprietary model portfolios, including those constructed and managed by the GWIM CIO, as a preliminary basis in formulating investment recommendations designed to implement the Program Strategy you choose. 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

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 Advisor about investments in your Portfolio, including any prospectuses and other offering material produced by issuers and sponsors of investment products.

Target Asset Allocation and Monitoring. Any target asset allocations (including your Target Asset Allocation) or benchmarks, as applicable, referred to in connection with your Program Strategy or Portfolio are not intended to be an assurance or guarantee of the performance of any investments in the Program Strategy or of the Program Strategy or Portfolio itself. There is no assurance that the performance results of any benchmark or index used in connection with a Program 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 Program Strategy and any Target Asset Allocation for your Portfolio.

Lack of Diversification. Merrill Lynch 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. The Equity-Focused, Fixed Income-Focused and Alternative Investment-Focused Target Asset Allocations options limit the Portfolio to exposure in a specific asset class and limit the diversification benefits offered in other Target Asset Allocation choices. You should understand that concentrated portfolios, including Portfolios with a concentration in one asset class, typically result in increased risk and volatility and decreased diversification, which could result in losses to your Portfolio. In addition, you may request that we follow certain guidelines or restrictions in your Account that may result in your Account being concentrated in one or a few sectors, industries or securities. We may determine not to accept such guidelines or restrictions.

Multi-Client Account Portfolio Grouping. All participants in a multi-client Portfolio will have access to information about the Accounts that you have included in the Portfolio. The management of the Accounts that you include may be affected by the Portfolio's investment objective and Target Asset Allocation, as well as by the addition and removal of Accounts by other clients participating in the Portfolio. The fees and other costs in your

Account that is included in a multi-client Portfolio may be more or less than if your Account were not in such a Portfolio.

Unsolicited Trading. Effecting unsolicited trades may limit your Advisor's ability to make recommendations in accordance with your Target Asset Allocation. If you choose to invest assets in a manner that differs materially from our investment recommendations, you may assume additional risks that result from your decisions. We have no obligation to monitor securities that you include in your Portfolio on an unsolicited basis. If you effect trades in securities that we do not cover for research purposes or about which BofAML Research has a contrary recommendation, this will be at your own risk.

Using Your Portfolio as Collateral. Certain of your Account assets may be "pledged" or used as collateral (if we consent) in connection with loans obtained through certain Affiliated or unaffiliated loan programs, such as, but not limited to, the securities based lending Loan Management Account® and Mortgage 100®/Parent Power® mortgage programs ("Lending Programs"). Risks to your Portfolio 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 an Affiliate or a third-party lender, the lender's lien is senior to any rights we or a Discretionary Manager 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) or any Discretionary Manager, 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 Style Manager Strategies Where Merrill Lynch Is the Style Manager. The Style Manager Strategies available in the Program include those that are constructed, implemented and managed by Merrill Lynch or one of its Affiliates or by your Advisor. These Strategies are not subject to the same level of review that is applicable to third-party Style Managers. The inclusion of Related Managed Strategies and Funds in the Program is subject to internal governance processes and any applicable legal restrictions.

Role of Your Advisor in the Program. Your Advisor's view of the securities, Funds and Style Manager Strategies will be an important factor in determining which securities, Funds and Style Manager Strategies are recommended to you or purchased for your Account. The performance of any Defined Strategy, Personalized Strategy and certain Custom Managed Strategies will be dependent on your Advisor's ability to develop and implement such Program Strategies. Before choosing, you should perform your own assessment of the Advisor's ability to manage the Program Strategy. There will be Style Manager Strategies available to you in Managed Strategies and certain Custom Managed Strategies that are similar to a Defined Strategy that may be offered by your Advisor.

Your Advisor has the discretion to manage the assets in a Defined Strategy in a manner that is different from the description provided in the Defined Strategy Profile without your consent. Holdings in your Defined Strategy Account and the asset allocation of the Defined Strategy will be included in your Account statements. You will be notified of any changes in the holdings of your Defined Strategy through your statement and any material changes to the Defined Strategy will be discussed with you. Any such changes as to how the Defined Strategy is managed likely will materially impact the performance of your Account.

General Risks Associated with Investments in Your Portfolio. All investments involve risk, the degree of which may vary significantly. Investment performance can never be predicted or guaranteed, and the value of your assets will fluctuate due to market conditions and other factors.

Investments made and the actions taken respecting your Program assets will be subject to various market, liquidity, currency, economic and political risks and will not necessarily be profitable. **You should review the offering materials and other disclosure available for each relevant investment security or transaction to get an appreciation of its associated risks and fees.** You are assuming the risks involved with investing in securities and other investment products, and you could lose all or a portion of the amount you hold in the Program. For a discussion of conflicts of interest with the use of certain investments and securities, please review this section and Item 9 at the section “Compensation, Conflicts of Interest and Material Relationships.”

Alternative Investment Funds and Non-traditional Funds. There are risks associated with investments in Alternative Investments, an asset category that includes Alternative Investment Funds and NTFs. Securities that are deemed Alternative Investment Funds, in general, are speculative and illiquid investments that are subject to a high degree of risk. Certain Alternative Investment Funds are only available to certain clients who meet applicable eligibility and suitability requirements and in circumstances approved by us. Each Alternative Investment Fund’s offering materials contain confidential material information relevant to making a decision to subscribe to the Fund including, but not limited to its investment strategy, liquidity terms, fees and expenses, risks and conflicts of interest, as well as other important matters relating to the Fund, its investment manager and their operations.

Investors in Private Equity Funds are subject to periodic capital calls. Failure to make required capital contributions when due will result in severe consequences to you, including, among other things, withholding of distributions and/or causing the interests in the Private Equity Fund to be sold potentially at a significant discount. To the extent you hold cash in your Account to fund a capital call, this cash will be subject to the Program Fee as described in Item 4 in the section “The Program Fee and Other Charges.”

An investment in a Private Equity Fund generally will be illiquid on a long-term basis, with no guarantee that any distributions will occur and with generally no withdrawal or redemption rights. Most Private Equity Funds have very extended terms (between 8-12 years) and the investment managers or general partners, as applicable, of Private Equity Funds have the ability to extend such terms (often without investor consent) for extended periods of time. While any Private Equity Fund investment will be part of your Target Asset Allocation for your Portfolio and will affect advice and guidance on potential investments in your Account, given the highly illiquid nature of many Private Equity Funds, your Advisor will not be able to advise you to liquidate the investment or take other direct action on the investment itself. There are economic differences in the costs of holding a Private Equity Fund investment in the Program as compared to in a brokerage account.

Like with any other investment types of securities, none of Merrill Lynch or any of its Affiliates will be able to prevent the Private Equity Fund from taking actions that may be detrimental to any investment in the Private Equity Fund. None of Merrill Lynch or any of its Affiliates are required to acquire any investment you make in a Private Equity Fund or take any steps to assist you in finding a buyer for any investment in a Private Equity Fund.

NTFs are mutual funds and exchange-traded funds registered with the SEC that are classified as Alternative Investments by us 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 Alternative Investment Funds 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.

ETFs. 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 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, they 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 to accurately price its investments, thereby potentially affecting the ETF’s price and performance.

Annuities. Annuities are long-term investments primarily designed for retirement purposes and can offer tax-deferred accumulation with options for downside protection, death benefits and lifetime income. Variable Annuities are securities that offer a range of investment options, called subaccounts, across different asset classes. Variable Annuities have market risk because the contract value fluctuates based on the investment performance of the subaccounts selected. Because the value of a Variable Annuity is tied to the performance of the investment options chosen, it is subject to investment risk. A Fixed Indexed Annuity is an annuity that provides protection against downside market risk combined with limited participation in gains tied to a particular index without directly investing in the markets or an index.

The value of your Annuity will vary and could decline to less than the value of the premiums you have paid. You must pay the Annuity fees, charges and other expenses regardless of how the Annuity performs. Optional guaranteed benefits, which can normally only be elected at the time your Annuity contract is issued, could restrict your investment options and in some cases cannot be reversed. You’ll pay additional charges for optional benefits and guarantees, whether or not you use the benefits. If you want to take back the money you’ve paid in premiums under an Annuity contract, your withdrawal may be subject to surrender charges. These charges are described in the Annuity contract and prospectus/statement of understanding. In addition, your contract with the Annuity Issuer may include specific guarantees and payment commitments. Those are obligations of the insurer and aren’t guaranteed by Merrill Lynch or its Affiliates. If the insurer goes out of business, or if it lacks the funds to meet its obligations—including optional guaranteed benefits—you may not receive all of the promised income.

Brokered Certificates of Deposit. Certain Program Strategies may invest in brokered CDs, which are deposit obligations of U.S. depository institutions (each, a “CD Issuer”), that are offered through Merrill Lynch. In new issue offerings of brokered CDs, for its distribution efforts, CD Issuers may pay broker dealers who arrange for the distribution of the brokered CD offering, which may include Merrill Lynch and/or its Affiliates, a fee of between 2 to 30 basis points. Merrill Lynch may receive a mark-up/markdown in connection with your purchase or sale of brokered CDs in the secondary market, if any, as is the case for transactions in other fixed income securities. You are responsible for monitoring the total amount of deposits that you hold with any one CD Issuer for Federal Deposit Insurance Corporation (“FDIC”) guarantee limits. Rates paid on brokered CDs may be lower or higher than the rates available directly through the CD Issuer or through a Merrill Lynch brokerage transaction. You should consider the impact of the Program Fee on the yield of any brokered CDs in your Account.

Market-Linked Investments. Market-linked Investments (“MLIs”) are generally unsecured debt securities of the companies that issue them (each, an “issuer”), which may include, from time to time, an Affiliate of Merrill Lynch. Your return on MLIs, including the amount you receive at maturity, if any, will depend on the performance of an underlying market measure, which may include stocks, indices, currencies, commodities or interest rates. The economic terms of an MLI include the costs of certain related hedging arrangements that the issuer may enter into in order to

meet its payment obligations under the MLI. The terms of the hedging arrangements are set by the hedge provider, which, depending on the MLI offered, may be Merrill Lynch or one of its Affiliates or an unrelated financial institution. An investment in MLIs involves particular risks. MLIs are not conventional debt securities, typically do not bear any interest, and are not insured by the FDIC or secured by any collateral. Any payment on MLIs will be subject to the credit risk of the issuer. You should carefully review the prospectus for an MLI before purchasing it for your Account. None of the issuer, Merrill Lynch or any unaffiliated third-party broker dealer is obligated to make a market for, or to repurchase, any MLI.

Precious Metals. The prices of Precious Metals are volatile and influenced by a wide range of economic, political, market-related and other factors. In addition, investing in Precious Metals is subject to all the risks of holding physical assets (including, without limitation, loss, theft, inaccessibility and corruption), which are generally not relevant to most financial instruments. Purchases and sales of Precious Metals through GBI and the holding of Precious Metals at approved vaults will carry additional risks such as counterparty and custody risks.

Uncovered Options, Uncovered Call Writing, Short Selling and Options Overlay Strategies. If you write uncovered options or take action to sell stock short, you will be exposed to potentially significant losses. For a call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other option contract remedies are pursued. For a put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price. If you write combination or straddle options (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited. If a secondary market in options were to become unavailable, you could not engage in a closing transaction and you would remain obligated until expiration or assignment. If you do not meet the margin payment requirements described in your option account agreement, we may liquidate stock or options positions in your Account, with little or no prior notice to you. We reserve the right to not approve any Account to engage in uncovered options transactions or short sales. You assume full responsibility for writing uncovered options and selling stock short, including the possibility of incurring unlimited losses, and may discontinue writing options and short selling at any time.

Options overlay strategies may be adversely affected by market behavior or unexpected events. Like with any managed strategy, no assurances can be given that these options overlay strategies will accomplish their objectives.

Margin and Securities-Based Lending. As disclosed in your securities account agreement with MLPF&S, if you use margin to purchase securities, these collateral for the margin debit will be the assets in your Portfolio and other accounts at Merrill Lynch. The costs, risks and other features and conditions of margin and other types of securities-based lending are more fully described in the Merrill Lynch Margin Lending Program Client Agreement that you must execute before you may use margin. We can take certain actions if the value of the collateral supporting the margin debit declines in order to maintain the required equity in the account, such as issuing a margin call or selling securities or other assets maintained at MLPF&S. We can increase our "house" maintenance margin requirements at any time and we are not required to provide you with advance written notice. You are not entitled to choose which securities or other assets are to be liquidated or sold to meet margin calls and you are not entitled to an extension of time on a margin call. If a margin call cannot be fully satisfied from assets in your Account or other assets at Merrill Lynch, you will remain liable for the outstanding debt. Overall, margin increases the risk of losses in declining markets that negatively affect the value of securities bought on margin. You assume full responsibility for using margin to buy securities and may discontinue the use of margin at any time. If you invest using margin, you assume

additional risk, including the fact that your losses may exceed the amount you have in your Account.

Tailored Investment Advice

Under the Program, you set a Target Asset Allocation for your Portfolio based on certain factors provided by you and select one or more Program Strategies for each of your Portfolios. You also may request that we impose Reasonable Investment Restrictions, Depending upon the Program Strategy you select, your Advisor will help you select, or will select for you, investments which may include, Style Manager Strategies, Funds and/or securities consistent with your Target Asset Allocation, investment objectives and other information you provide to us.

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 to your 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 an investment or 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 or to select a third-party agent (including us or the Proxy Delegation Vendor) to vote on your behalf as further described in Item 4 in the section "Proxy Voting."

Item 7. Client Information Provided to Investment Managers

As part of the enrollment process, we elicit information about your financial circumstances, investment objectives, risk tolerance, time horizon and other information relating to your Accounts and Portfolios. We provide this information to Style Managers as necessary and pursuant to the Agreement. We do not generally provide this information to Funds.

In managing your assets, we rely on information you provide and it is your responsibility to notify promptly your Advisor of any updates to such information. 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 promptly notify your Advisor 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. When we receive from you any material changes to the information you furnish, we will provide this information in certain instances to Style Managers.

Item 8. Client Contact with Investment Managers

MAA has agreed to make one or more of its advisory or investment personnel reasonably available for consultation with you and your Advisor regarding a Style Manager Strategy, if you request. Upon request, certain Discretionary Managers periodically will make one or more of their advisory or investment personnel reasonably available for consultation with MAA, your Advisor and you for a joint consultation regarding their respective Style Manager Strategy, composition and performance of a Strategy, and the factors underlying the selection of the securities.

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 decision of whether to retain us for your investment advisory needs. Certain disclosures below relate to disciplinary events that occurred with predecessor firms, Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"), which each merged with MLPF&S in the 2009-2010 time period. You can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at: adviserinfo.sec.gov/IAPD.

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 Merrill Lynch's remedial acts promptly undertaken and cooperation afforded the SEC staff. Merrill Lynch 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. It 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 one-half (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 the trade capacity as 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.

On October 4, 2011, MLPF&S entered into a consent agreement with FINRA regarding its alleged failure to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that MLPF&S failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, MLPF&S consented to the entry of findings, a censure, and a fine of \$1 million.

On June 6, 2009, BAI and BAS, two of our predecessor firms, were enjoined by the United States District Court for the Southern District of New York from violating, directly or indirectly, Section 15(c) of the Exchange Act. The injunction was the result of an SEC complaint alleging that BAI and BAS had violated Section 15(c) by allegedly misleading customers about the nature and risks associated with auction rate securities ("ARS"). Without admitting or denying the allegations, BAI and BAS entered into a consent decree and agreed to a series of undertakings designed to provide relief to certain individual investors. On January 10, 2012, MLPF&S agreed to settlements with the Illinois Securities Department (for alleged activities of BAS and BAI) and the North Carolina Department of the Secretary of State, Securities Division (for ARS activities of MLPF&S) involving the marketing and sale of ARS. In both actions, it was alleged that the inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS that constituted an occurrence of dishonest and unethical practices in the offer and sale of securities and failure to supervise. In the Illinois action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS and to pay a total fine of \$1,578,321 to the State of Illinois out of a total civil penalty of \$50 million that was to be distributed among the other state regulator parties to an ARS-related consent order. With respect to the North Carolina action, MLPF&S agreed, among other things, to repurchase at par certain illiquid ARS held by certain of its clients and to pay a total fine of \$3,193,552 to the North Carolina regulator representing its portion of a total civil penalty of \$125 million that was to be distributed among the other state regulator parties to an ARS-related consent order.

On March 11, 2009, the SEC issued an order against MLPF&S alleging that, from 2002 to 2004, several of its financial advisors permitted day traders to hear confidential information regarding MLPF&S institutional customers' unexecuted orders as they were transmitted over the internal squawk box system. According to the SEC, MLPF&S lacked written policies or procedures to limit access to the equity squawk box, to track which employees had access to the equity squawk box or to monitor employees' use of the equity squawk box in violation of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act. Without admitting or denying the SEC's findings, MLPF&S consented to the entry of a cease and desist order as to violations of these provisions, a censure and the payment of a \$7 million civil money penalty. It was obligated to comply with certain undertakings regarding the enhancement of certain policies and procedures.

On January 30, 2009, the SEC issued an order against MLPF&S regarding the Merrill Lynch Consulting Services program and the offering of those services through a Florida branch office for a period of several years concluding in 2005. The Order found that material misrepresentations had been made and certain conflicts of interest not disclosed, and that MLPF&S had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the non-jurisdictional findings, MLPF&S consented to a censure, to cease and desist from violations of Sections 204 and 206(2) of the Advisers Act and its Rule 204-2(a)(14), and a fine of \$1 million. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by MLPF&S.

On May 1, 2008, BAI and Columbia Management Advisors, LLC, an Affiliate of BAI at the time (“Columbia”), without admitting or denying the findings, consented to an SEC administrative order relating to (1) BAI’s alleged failure to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds managed by Columbia and (2) Columbia’s allegedly willful acts to aid and abet and cause such acts. BAI and Columbia consented to a censure and to cease and desist from committing or causing violations and future violations of Sections 17(a)(2) and 17(a) (3) of the Securities Act, Sections 206(2), 206(4) and 207 of the Advisers Act and Advisers Act Rule 206(4)-1(a)(5). In addition, BAI was ordered to pay an aggregate amount of \$793,773 to certain entities specified in the Order and a penalty of \$2 million to the SEC. Columbia was ordered to pay an aggregate amount of \$516,382 to certain entities specified in the Order and a fine of \$1 million. BAI also agreed to certain undertakings contained within the Order.

Other Financial Industry Activities and Affiliations

MLPF&S, an indirect wholly-owned subsidiary of BofA Corp., is a leading global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. In the United States, MLPF&S acts as a broker (*i.e.*, agent) for corporate, institutional, governmental and private clients and as a dealer (*i.e.*, principal) 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. The futures business and foreign exchange activities are conducted through MLPF&S and other Affiliates.

MLPF&S 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.

In July 2015, BofA Corp. announced a decision to separate the retail and institutional broker-dealer activities currently operating through MLPF&S into two distinct legal entities. Retail customers will continue to be serviced through MLPF&S, while institutional clients currently transacting through MLPF&S will move to a new broker-dealer entity, BofAML Securities, Inc., which is also a wholly-owned indirect subsidiary of BofA Corp. This separation and migration of institutional broker-dealer activities to BofAML Securities, Inc. is subject to regulatory approvals and is intended to conclude in 2018.

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 MEGI and MESP.

As registered investment advisers, MLPF&S and MAA complete Form ADVs which they publicly file with the SEC (available at 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 Lynch. In the future, certain MLPF&S and 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 Lynch to the extent necessary or appropriate to perform their job responsibilities.

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: 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.

Code of Ethics and Personal Trading

Conflicts of Interest and Information Walls. Merrill Lynch and its parent company, BofA Corp., engage in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize actual, potential and perceived conflicts of interest may develop in the normal course of operations in various parts of the BofA Corp. organization. To address these potential conflicts, information walls are in place to allow multiple businesses to engage with the same or related clients at the same time, while mitigating the conflicts which may arise 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 Ethics 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. Each of BofA Corp. and Merrill Lynch with the Bank of America Merrill Lynch’s investment advisory business, evaluates its 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 them.

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 Advisors and their trading. Advisors are permitted to participate in block trades along with their clients and/or other Program clients.

Compensation, Conflicts of Interest and Material Relationships

Your Enrollment in the Program Benefits Us and Your Advisor. We (including our Affiliates and any Related Companies), your Advisor and other of our employees' benefit from the fees and charges paid by you and other clients for the Services described in this Brochure. Advisors receive compensation from us for their providing the Services to clients enrolled in the Program and may share portions of this compensation with other Advisors with whom they have made certain arrangements. The amount of this compensation is based upon, and will vary depending on, the Merrill Lynch Fee paid as a component of the Program Fee. This compensation will vary depending on (1) the amount you have invested in certain of your Program Strategies or (2) the Merrill Lynch Rates you have agreed to with your Advisor for each of your Accounts. Your Advisor's compensation will not be based on the Style Manager Expense, if applicable, that you pay.

The amount of compensation your Advisor may receive from your enrollment in the Program may also be more or less than the compensation that the Advisor might receive 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 a difference in compensation, the Advisor may have a financial incentive to recommend certain Program Strategies to you or recommend this Program over other programs or other services offered by us (or our Affiliates).

Further, separate and apart from the Program, Advisors make compensation from their clients who have brokerage accounts with us and engage in commission-based securities transactions, as well from other products and services available through us and our Affiliates. In such cases, we or our Affiliates and Advisors will receive the compensation that is usually associated with or generated by such products, services and transactions. This compensation may include commissions, markups or mark downs, asset-based or subscription fees, mutual fund sales loads, Rule 12b-1 fees or other remuneration as described in the applicable confirmations, prospectuses, subscription agreements or other offering documents. Such compensation paid in connection with those transactions in our brokerage and other programs will be in addition to the fees charged for the Program if these securities are transferred to an Account enrolled in the Program.

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

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

Receipt of Compensation from Investment Managers. We and our Affiliates have business relationships with many investment managers, including Style Managers and Fund managers and sponsors, separate and apart from the Program. For example, these investment managers may direct their clients' transactions to us and receive research, execution, custodial, pricing and other services offered by us in the normal course

of its business. We may receive compensation in connection with such transactions and other services.

Investment managers may pay or reimburse us or our Affiliates for various costs arising from client and prospective client meetings, sales and marketing materials and educational, training and sales meetings held with Advisors and other of our or our Affiliates' personnel relating to the Program, a particular investment strategy and asset management generally. The investment manager may also make charitable donations or cover the costs of reasonable entertainment in connection with events sponsored by MLPF&S or its Affiliates or related to clients. Some third-party vendors, including third-party managers, distributors, and insurance companies, will periodically participate in MLPF&S- or Affiliate-hosted internal training and education conferences, as well as conferences that MLPF&S or an Affiliate may host for clients. The amount paid for participation is used to offset the expenses incurred for these events and cannot be reasonably allocated to any particular client. The amount paid by any third-party vendor may vary. Based on our historical experience, the aggregate value of these payments to us and our Affiliates in any particular year has represented less than one-half (½) of one basis point (0.005%) of total customer assets that may be used to procure such vendors' products and services. Note that the level of vendor support is not dependent or related to the level of assets invested by you or any other of our clients in or with the products or services of the particular vendor. Neither we nor our Affiliates incentivize Advisors to recommend one vendor's product over another vendor.

Relationship of the Program with Related Funds and Affiliate Programs. We do not currently offer any Related Funds in the Program. We may, however, include Related Funds as an investment product available in the Program in the future. The Related Funds would include those funds that are advised by our Affiliates. We would benefit from our economic interest in such entities or their Affiliates when they receive compensation for providing investment advisory, administrative, transfer agency, distribution or other services to Related Funds or other investment products. The extent of this benefit will be greater than when we or our Affiliates do not have an economic interest in the firm providing such services. If we include Related Funds in the Program, we would benefit from increased sales of Related Funds and other investment products of Related Companies and Affiliates to a greater extent than from increased sales of funds or investment products of other firms in which we and our Affiliates do not have a similar economic interest or relationship. We address these conflicts by disclosing them in this Brochure.

Our Affiliates and related business divisions, such as U.S. Trust, offer their own managed products or wrap programs that are similar to this or other Merrill Lynch 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 the Style Manager recommendations and review determinations. This is due to, among other things, the differing nature of the Affiliate's investment advisory services and differing processes and criteria upon which determinations are made. For example, the GWIM CIO may recommend a specific investment manager for inclusion in a U.S. Trust program, but not in a Merrill Lynch program.

Further, although the GWIM CIO releases information and analyses about a Style Manager or a Fund to all Affiliates simultaneously and BofAML 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 Lynch or MAA has had the chance to evaluate and act on those changes. Accounts participating in a Merrill Lynch 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.

Gifts and Other Non-Monetary Compensation from Third-Party Vendors.

From time to time, third-party vendors, including third-party Investment or Fund managers, distributors, and insurance companies, may provide MLPF&S with non-monetary gifts and gratuities ("gifts"), such as promotional items (e.g., coffee mugs, golf balls, or gift baskets), meals and access to certain industry related conferences. Third-party vendors may also make charitable donations or cover the costs of reasonable entertainment in connection with events sponsored by MLPF&S or its Affiliates or related to clients. MLPF&S has implemented policies and procedures intended to identify, quantify and track gifts that MLPF&S and its Advisors and personnel receive. MLPF&S will report gifts received by it or its employees to the extent such amounts exceed the thresholds imposed by applicable regulations.

Certain Arrangements with Certain Funds and Fund-Related Compensation.

Your Assets are generally invested in the lowest cost share class available to you in the Program for a mutual fund available in the Program. For certain mutual funds, that share class may include the payment to us of Rule 12b-1 Fees. In addition, as a general rule, we only include for purchase in the Program and other Merrill Lynch securities accounts a mutual fund share class that provides for a payment to be made by the mutual fund to one of our Affiliates for providing certain sub-accounting, transfer and related services, including recordkeeping, processing, reporting and dividend reinvestment services ("sub-accounting/transfer services"). The manager of a particular mutual fund may have a fund share class that does not include the fee for these sub-accounting/transfer services that our Affiliate provides. 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. 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, Advisors do not have an incentive to recommend or select share classes that have higher expense ratios because their compensation is not affected by the share class selected.

Under our agreements with each mutual fund (or its respective principal underwriter or other agent), we provide sub-accounting/transfer services for holders of such mutual funds maintaining their shares in an Account as well as in a brokerage accounts at Merrill Lynch. We and our Affiliates receive the agreed upon sub-accounting/transfer services fee for providing these services, and this cost is either borne by the mutual fund (like other mutual fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent. These service arrangements generally vary by mutual fund.

Depending on the specific sub-accounting/transfer services arrangements, we or our Affiliate will receive fees from or on behalf of the mutual fund fees of either up to 0.15% per annum of the amount invested in such mutual fund or up to \$21 annually per Merrill Lynch client position in the mutual fund. 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 with a mutual fund that includes other types of fees, such as distribution and marketing support payments.

For Offshore Funds, MLPF&S and its Affiliates perform similar distribution, marketing, shareholder servicing, sub-accounting and related services for which MLPF&S and its Affiliates receive asset based compensation from the Offshore Fund's distributor or other service provider.

We do not retain compensation for sub-accounting/transfer services for mutual funds held in Retirement Accounts.

We may also receive compensation from some mutual fund sponsors for our distribution, marketing services and other support with regard to their mutual funds in amounts that may vary but will not exceed 0.10% per annum of the amount invested in their mutual funds. These fees are not paid directly out of your Account, but are either borne by the mutual fund, like other mutual fund expenses, or by the mutual fund's principal underwriter or other agent.

We have prepared and provided to you a document entitled "Mutual Fund Investing at Merrill Lynch" and "Offshore Fund Investing at Merrill Lynch" available at ml.com/funds and ml.com/Offshorefunds. Both documents are also available from your Advisor upon request.

Any fees or compensation, including the sub-accounting/transfer services fees and other compensation ("Fund-Related Compensation"), that we and our Affiliates receive from or on behalf of a mutual fund, ETF or either of their product sponsors in connection with your investments in your brokerage account and in an Account enrolled in the Program will be in addition to the Program Fee and, except to the extent required by applicable law, we and our Affiliates do not offset the Program Fee by the amount of such Fund-Related Compensation we receive. You should consider this Fund-Related Compensation when evaluating the amount and appropriateness of the fees we earn in connection with your Account and the Program.

As a result of such Fund-Related Compensation, we may have a conflict of interest in selecting certain mutual funds for inclusion in the Program over others. You should be aware that the amount of fees paid by the different mutual funds and/or mutual fund sponsors varies and that mutual funds that would otherwise meet our criteria for inclusion in the Program but whose principal underwriters, agents or sponsors do not agree to pay such fees may not be selected, thereby limiting the available universe of mutual funds. The presence of Fund-Related Compensation may also create an incentive for us to recommend that you invest in mutual funds that pay higher fees to us or our Affiliates. The presence of these compensation arrangements may also cause us and our Affiliates to forego opportunities to negotiate more favorable financial terms for client investments in mutual funds or to recapture all or a portion of the amount of such Fund-Related Compensation for your benefit. We or our Affiliates may effect transactions for a mutual fund or ETF offered through the Program, and 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 may provide to them.

We address the conflicts of interests associated with the payment of Fund-Related Compensation in the following ways. For mutual funds, we generally offer a mutual fund share class in the Program that does pay us the Fund-Related Compensation relating to the sub-accounting/transfer services fees and we disclose this. We also calculate the compensation paid to our Advisors on the same basis for all Program assets without regard to the amount of Fund-Related Compensation we or our Affiliates receive. Additionally, we and our Affiliates select mutual funds or ETFs that are available on our brokerage and investment advisory platforms and offered through the Program 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 Fund-Related Compensation and other business arrangements from affecting the nature of the advice we and our Advisors provide, although such policies and procedures do not eliminate such conflicts of interest.

Assets in your Account may be invested in certain eligible exchange traded notes ("ETNs") that we distribute or service, including ETNs issued by Merrill Lynch, its Affiliates, or by companies with which we do business. ETNs incur various fees, such as annual investor fees and repurchase fees charged by the ETN provider.

Certain Alternative Investment Fund Compensation and Fee Sharing Arrangements.

Certain Alternative Investment Funds or one or more portfolio companies in which an Alternative Investment Fund holds an interest may use the services of Merrill Lynch or one of our Affiliates in the ordinary course of the fund's business. In such a case, Merrill Lynch or one of our Affiliates may receive compensation for its services. Merrill Lynch and its Affiliates may receive on-going commissions, fees and

revenues associated with these activities and services, among other benefits. As a result of receiving this compensation we may have a conflict of interest in selecting certain Alternative Investment Funds for inclusion in the Program over others and recommending a particular Alternative Investment Fund for investment over others.

Our Affiliates may share in a portion of the management and/or performance fees paid by an Alternative Investment Fund to its managers. These relationships could give rise to a conflict of interest in determining which Alternative Investment Funds to make available to our clients and recommending investments in certain Alternative Investment Funds over others. We or our Affiliates have negotiated fee sharing arrangements with managers of certain Alternative Investment Funds available through the Program. Pursuant to these arrangements, except as restricted by law or regulation, we or our Affiliates receive additional compensation ("Additional AI Compensation"). The Additional AI Compensation is based on portions of the management fees, performance-based compensation and/or other asset-based fees payable by such Alternative Investment Funds to the manager or its Affiliates or that are attributable to investments made in the Fund through us or our Affiliates, including investments made by your Account, either directly or indirectly through a feeder fund that may be organized to facilitate investing into an Alternative Investment Fund (a "feeder fund"). We may also receive Additional AI Compensation from the managers in the form of one time up-front payments or periodic flat fee payments. The managers may also reimburse Alternative Investment Fund expenses, which has the effect of reducing or eliminating payments that we and our Affiliates (and/or clients in respect of certain Private Equity Funds) would otherwise bear. Retirement Accounts investing in Alternative Investment Funds do so through AI Advisory Units specifically structured for Retirement Account investors, which do not provide for fee sharing with or the payment of placement or selling agent fees to Merrill Lynch or our Affiliates.

We or our Affiliates have negotiated to receive such Additional AI Compensation amounts in order to defray costs incurred in connection with, and in consideration of, certain administrative and operational support that we and our Affiliates provide to the feeder funds organized to facilitate our clients' access to Alternative Investment Funds and also certain distribution, marketing, administrative or other investor services we provide in connection with a client's direct investment in an Alternative Investment Fund. Any Additional AI Compensation that we or our Affiliates receive in connection with your investments in an Alternative Fund Investment will be addition to the Program Fee.

The amounts and types of such Additional AI Compensation that we and our Affiliates receive:

- Varies among Alternative Investment Funds, which may be viewed as creating an incentive for us to recommend that you invest in Alternative Investment Funds that pay higher fees to us or our Affiliates.
- May be structured as escalating payments (where the amount of the Additional AI Compensation increases as the amount of the Alternative Investment Fund assets attributable to AI Advisory Units that are purchased through us or our Affiliates increase), which may be viewed as creating an added financial incentive to recommend particular Alternative Investment Funds in order to reach breakpoints necessary to increase the fees paid to us and our Affiliates.
- May substantially exceed the cost of the services provided in any given year.

The presence of these compensation arrangements may also cause us and our Affiliates to forego opportunities to negotiate more favorable financial terms for client investments in Alternative Investment Funds or to recapture all or a portion of the amount of such Additional AI Compensation for your benefit.

The actual terms of our fee sharing arrangements with Fund managers may be disclosed in the offering materials of the relevant Alternative Investment Fund or feeder fund, subject to confidentiality requirements and other obligations imposed by the Fund managers. Fund managers who would otherwise meet our criteria for inclusion in the Program but who do not agree to pay such fees may not be selected, thereby limiting the available universe of Alternative Investment Funds.

In general, the Additional AI Compensation for Alternative Investment Funds (other than certain Private Equity Funds) consists of one or more of these types of compensation and payment sharing arrangements:

- An amount, ranging from 0% to 1% of the Alternative Investment Fund's management fees associated with the average net asset value attributable to AI Advisory Units that are purchased through us or our Affiliates or of an Alternative Investment Fund for which one of our Affiliates acts as administrator, determined and payable on an ongoing basis.
- An amount ranging from 0% to 25% of the total performance-based compensation payable by an Alternative Investment Fund to its manager or an Affiliate thereof that is attributable to AI Advisory Units that were purchased through us or our Affiliates or of an Alternative Investment Fund for which one of our Affiliates acts as administrator, determined and payable on an ongoing basis.
- One time up-front payments or period flat fee payments, which generally do not exceed \$250,000.
- Ongoing fees from an Alternative Investment Fund for which we act as administrator or sub administrator.
- Consideration paid by a third party manager that acquired a certain portion of our Affiliate's fund-of-fund business, pursuant to an earn-out provision, calculated based on the amount of such assets in such fund-of-funds during the five years following the sale of the business.

In general, the Additional AI Compensation for Private Equity Funds consists of one or more of these types of compensation arrangements:

- A one time distribution fee payment based on aggregate capital commitments raised.
- One time up-front payments or periodic flat fee payments, which generally do not exceed \$350,000.

Third-party investment managers may also reimburse certain Alternative Investment Funds sponsored by our Affiliate for certain fund expenses. These amounts will vary, but generally in the aggregate do not exceed \$350,000.

The amount of Additional AI Compensation we or our Affiliates receive in connection with any additional AI Advisory Units made available through the Program after the date of this Brochure may exceed the foregoing amounts and ranges. In addition, the amount and nature of the Additional AI Compensation that we and our Affiliates receive may change over time.

As a result of such fee sharing arrangements, we may have a conflict of interest in selecting certain Alternative Investment Funds for inclusion in the Program over others. We address the conflicts of interests associated with our fee sharing arrangements by calculating the compensation paid to our Advisors on the same basis for all Program assets, including the AI Advisory Units, without regard to the amount of such Additional AI Compensation we or our Affiliates receive in connection with the Investments. Additionally, we and our Affiliates select the Alternative Investment Funds and managers that are available on our brokerage and advisory platforms and offered through the Program based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of the Additional AI Compensation and

our other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest.

Precious Metals Program Service Fee Sharing Arrangement. Under the Precious Metals Program available to you in the Program, our Affiliates share in certain fees charged by GBI, its sponsor, which creates certain conflicts of interest. GBI has agreed to share an amount equal to 0.05% of the service fee with our Affiliate as compensation for ongoing sub-accounting, reconciliation, transaction and related services. (Merrill Lynch will also be allocated a portion of the service fee with respect to investments by its brokerage clients in the Precious Metals Program.) Such relationships and fee-sharing may result in a conflict of interest in Merrill Lynch's retaining GBI and/or recommending investments in Precious Metals through the Precious Metals Program. The presence of these compensation arrangements may cause us to recommend the Precious Metals Program to our Program clients over other alternative means of investing in Precious Metals.

Relationships With Asset Managers, Sponsors and Style Managers. From time to time, Merrill Lynch may enter into distribution agreements with one or more asset managers or sponsors pursuant to which Merrill Lynch distributes certain products and services to clients with a brokerage securities account or those enrolled in the Program. In addition, Merrill Lynch and its Affiliates have business relationships with Style Managers. Due to these relationships, their management and employees may be provided a broader level of access and exposure to Merrill Lynch, our management, our Advisors and other personnel. In addition, they may be deemed to have increased exposure at marketing events or in Advisor and client materials. Such access and exposure may not be available to other asset managers, sponsors or Style Manager and may enhance the ability of our Affiliates to distribute their funds and other investment products through us.

Provision of Diversified Financial Services. 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, BofA Corp. and Merrill Lynch can be expected to pursue additional business opportunities with the firms whose investments Merrill Lynch and its Affiliates makes available to its clients through the Program. Consistent with industry regulations, these services could 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, and effecting portfolio securities transactions for its clients. We attempt to address this conflict through the disclosure in this Brochure and by selecting investment products, Style Manager Strategies and Funds based on the investment merits of the particular investment products and not based on the compensation that we and our Affiliates earn from the providing these services.

Merrill Lynch professionals, including your Advisor, may introduce Fund and other investment product distributors, sponsors, service providers or their Affiliates to other services that BofA Corp., Merrill Lynch and their other Affiliates provide. As such, Merrill Lynch and its Affiliates may earn additional compensation for services. Advisors may, as permitted by applicable law, receive compensation (the amount of which may vary and could be significant) in connection with these introductions and/or services. Revenue paid for, or generated by, such services may not be used by these investment or service providers to compensate Merrill Lynch, directly or indirectly, for any of the Fund fees described throughout this Brochure. Information about a particular Fund's policies regarding selection of brokers may be found in the Fund's statement of additional information, which you may request from the Fund.

Equity Initial Public Offerings and Allocation of Investment Opportunities To Other Merrill Lynch Clients. Equity initial public offerings may not be purchased through an Account or through any of our other non-discretionary advisory programs. We allocate investment opportunities in equity initial public offerings among eligible brokerage accounts in a manner we determine appropriate. Given the limited availability and size of these offerings and available allocations, there is a very limited opportunity for our brokerage clients to invest in such offerings and, if they do, clients generally will receive smaller allocations than they requested. Accordingly, brokerage clients should not have any expectation that they will have access to initial public offerings or that they will receive an allocation to any particular offering. There will be instances where certain accounts receive an allocation while other accounts (including similarly situated accounts) do not, and preferential allocations will be given to certain clients based on a number of different factors. In addition, Advisors may choose not to participate in equity initial public offerings for any clients, or may choose to offer participation to only a small group of clients.

Participation or Interest in Client Transactions and Conflicts of Interests

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.

Principal Trade Execution. Your consent is required for principal transactions to occur in your Account. We will only engage in principal transactions with you if you have signed the "Consent to Principal Transactions" form. By doing so, you will authorize and provide your initial written consent to allow us to execute transactions in your Personalized Strategy with Client Discretion Accounts on a principal basis as permitted by law. You may refuse to provide this initial consent or may revoke this initial consent to principal transactions at any time, in writing, by requesting a revocation form from your Advisor. If you do not provide this consent, the inability to trade with us may limit the securities that are available to you and/or may limit your ability to sell securities that are held in the Account at competitive prices. It is important to note that even if you have provided us with your consent to principal transactions, you make all decisions concerning your Account, including whether we may effect a transaction as principal. We will inform you (orally or otherwise) that we may execute a transaction on a principal basis and, at the time of the trade, you will have the opportunity to withhold your consent and may refuse to authorize your Advisor to proceed with the transaction on a principal basis.

Examples of principal transactions include the purchase of equity or fixed income securities in a new issue offering where we are an underwriter and the purchase or sale of fixed income securities from or to us in the over the counter markets. Principal transactions may not be effected for Retirement Accounts, except in accordance with applicable law.

When we execute transactions in your Account on a principal basis, there are conflicts of interest present. In addition to the Program Fee, we may receive a markup or markdown, underwriting fee or selling concession, or other compensation with respect to the principal transaction, which would result in additional compensation or other benefit to us or our Affiliate. We may 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 prices 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 may have an incentive to recommend a transaction in a security that we maintain in our inventory that is otherwise difficult for us to sell.

Additionally, in certain cases, if you make an unsolicited request to sell a security, we may, after agreeing on a price with the selling client, recommend the purchase of that security by another client or brokerage customer and execute both sale and purchase transactions simultaneously. Such a transaction involves conflicts of interest similar to those for other principal transactions, and in addition involves a risk that the Advisor may have an incentive to recommend inappropriate trades in order to generate additional income for Merrill Lynch and the Advisor or to unfairly favor one client over another. We address these additional conflicts by requiring that the initial sale be unsolicited, that the sale price be agreed upon before recommending the purchase by another client, following procedures intended to ensure that execution of the sale transaction is not unreasonably delayed, and by reducing the normal spread that Merrill Lynch would charge on the sale and purchase transactions.

Internal-Cross Transactions. 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.

Agency-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 to any agency-cross transaction at any time by notifying us in writing.

Loans and Collateral. Certain of your Account assets may be “pledged” or used as collateral, with our consent, in connection with loans obtained through certain Affiliated or unaffiliated Lending Programs. If you participate in a loan obtained through one of our Affiliates, the Affiliate earns compensation which (1) may be viewed as a conflict of interest with respect to the Program assets, (2) is not included in the Program Fee and (3) results in additional compensation to us, our Affiliates and your Advisor. The Affiliate lender’s lien on Account assets creates conflicts of interest with respect to the management of your Account. For example, because of such a lien, your Advisor or Merrill Lynch has an incentive to favor Accounts participating in any such Affiliate Lending Programs over other Accounts without loans (e.g., for investment or trade allocations or the valuation of positions in the Account), and to prefer more conservative investment choices than may otherwise be appropriate for the Accounts in such Lending Programs, in order to minimize the risk of loss with respect to the Affiliate’s collateral. Please refer to Item 6 at the section “Investment Strategies and Risk of Loss” for additional information. You are encouraged to speak with your Advisor to the extent you have questions about how your Account may be used in connection with a Lending Program and how such arrangement should be taken into consideration when discussing the management of your Account.

Other Financial Interests. Certain Program Strategies and investment strategies may involve the use of margin. MLPF&S will receive compensation in connection with any assets purchased in an Account on margin or other extensions of credit by MLPF&S, which is in addition to, and does not reduce, the Program Fee. Advisors may receive additional compensation in such circumstances as well as, in limited cases, from rights or tender offers. Due to the additional economic benefit to MLPF&S from their use of margin, a conflict of interest may exist.

Cash Deposits and Cash Sweep Arrangements. Depending upon the type of securities account that you establish, cash balances and funds pending

investment will be swept to one or more banks related to us, including BANA, to a money market mutual fund, or to other available cash sweep options. If cash balances are deposited in a bank deposit account under the Merrill Lynch Bank Deposit Program, Insured Savings Account Program or Retirement Assets Savings Program (each sweep option for account types that can enroll in the Program), the participating depository institutions, which will include BANA and other of our Affiliated banks, will receive additional economic benefits from cash investments held in your Account and the use of the deposits. BANA and the other Affiliated banks use bank deposits to fund their lending, investment and other business activities. In addition, 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. For additional information, please see Item 4 at the section “Funding and Operation of Accounts—Cash Balances and the Cash Sweep Feature of your Account.”

As a registered broker-dealer, MLPF&S may also benefit 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.

Activity by Merrill Lynch, its Personnel, Affiliates and Related Companies. From time to time in the course of our and our Affiliates’ business dealings described in this Brochure, confidential information may 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 may differ from that given or taken with regard to other clients. This includes the advice given or actions taken for certain securities, and for Fund managers and Style Managers. In some instances, the actions taken by 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 the Affiliate’s investment advisory service and differing processes and criteria upon which determinations are made.

Certain Affiliates of MLPF&S act as general partners in a variety of limited partnerships as well as in other capacities for investment vehicles such as hedge funds and other investment funds in which brokerage clients of MLPF&S may invest, or may be solicited to invest by MLPF&S acting in its broker-dealer capacity. These clients may also be our advisory clients. The investments of the limited partnerships and other entities may vary but include, without limitation, real estate, futures, hedge funds and other Alternative Investments.

We and our Affiliates may provide some or all of the same services offered in the Program through other financial firms, Affiliated or unaffiliated with us, which offer programs similar to the Program at fee rates that may differ from the Program Fees. We or one of our Affiliates may have a position in or enter into “proprietary” transactions in securities purchased or sold for clients, including clients participating in the Program. We or our Affiliates may benefit from such securities positions or transactions.

We have entered into agreements with unaffiliated third-party investment managers that compensate us for referring clients with brokerage accounts to them. Any such referral is separate from the Program. A recommendation by your Advisor for you to participate in such a separate third-party advisory arrangement creates potential conflicts of interests between you and us, including your Advisor. The costs associated with the services provided by such firm to you, including any management fees paid to the unaffiliated third-party advisers or commissions paid to us in connection with the transactions executed in an account outside the Program, are not included in the Program Fees and will result in additional compensation to us and your Advisor.

An entity related to Merrill Lynch may in the future provide advisory services for one or more Strategies available for selection by you. Any Affiliate may be a substantial stockholder in certain Related Style Managers, as indicated in the relevant Profile. If a Related Style Manager

is selected, we and/or a Related Company may retain both the Program Fee and the Style Manager Expense attributable to the portion of assets in your Account advised by the Related Style Manager. For this reason, a potential conflict of interest exists when we or your Advisor selects or assists you in the selection of, as applicable, a Strategy (or replacement Strategy, if applicable).

We address these conflicts in a variety of ways, including through disclosure in this Brochure, our policies that require our Advisors to recommend investment advisory programs, investment products and securities that are suitable for each client based upon your investment objectives, risk tolerance and financial situation and needs; and a variety of restrictions, procedures and disclosures designed to address 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).

Covered Funds under the Volcker Rule. Certain entity clients may be considered a “covered fund” under the “Super 23A” provision of the Volcker Rule that is part of Dodd-Frank Wall Street Reform and Consumer Protection Act. Covered fund clients in the Program may not have any outstanding margin, outstanding loans or other extensions of credit from us or any of our Affiliates, including BANA, or engage in certain principal transactions while having an Account in the Program. If the covered fund would like to engage in margin or other lending transactions, it must terminate its Agreement and utilize a brokerage or custody relationship with us for its investments. Certain other transactions between BANA or its Affiliates and the entity client will also be prohibited.

Account Review and Reporting

An important part of the Program relationship involves providing you with the opportunity to engage in periodic reviews with your Advisor or a designated member of the team servicing the Account. These reviews provide updates on the progress of your Portfolio and other important information about your investments. Because these reviews provide you with important and necessary information relating to your Portfolio, you are strongly encouraged to take advantage of these opportunities to participate in these 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 your Accounts 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 Portfolios, Accounts and Strategies, is the “Portfolio Summary.” You will receive your first Portfolio Summary from us after we accept your enrollment in the Program and each time you make certain changes to the Services you elect, including, but not limited to, when Portfolios or Accounts are added, when Style Manager Strategies in a Portfolio are changed, when your Target Asset Allocation for your Portfolio is changed, when your Account Preferences or Elections are revised, or when the Merrill Lynch Fee Rate for an Account is changed.

The information set forth in the initial and each subsequent Portfolio Summary is how we reflect the Services that we will provide to you with respect to the assets in your Accounts and pursuant to the Agreement. You should review each Portfolio Summary we send to you carefully to

ensure that the information reflected therein is accurate and you should contact your Advisor if you believe any of the information is, or becomes, inaccurate.

In addition to the Portfolio Summary, we will send you periodic updates that contain information about your Portfolios and Accounts, including, trade confirmation information and account statements. We will also provide you with periodic performance reports to help you monitor and assess the performance of your Portfolios, Accounts and the Program Strategies you select. These reports contain information regarding investment return, risk and selected benchmark comparisons for your assets in each Strategy you select. You should review all such materials carefully and promptly report any discrepancies to your Advisor.

As an accommodation to you, we may agree, in our sole discretion, to permit you to add accounts to a Portfolio Summary or to other reports that are not subject to the Agreement (e.g., your commission-based brokerage accounts). The Program Fee will not apply to these accounts and we will not be an investment adviser or a fiduciary with respect to the assets in such accounts. Any such included accounts will continue to be subject to the terms and conditions of the securities account agreement between you and Merrill Lynch applicable to such account. Any advice that we may provide to you with respect to the assets in such accounts, including asset allocation advice, will be incidental to the services that we provide to you under the other applicable securities account agreement.

Referral Arrangements

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

We have entered into solicitation arrangements with certain third-party entities to refer prospective clients to us (“Solicitors”). Generally, the fees paid to Solicitors will be paid from investment advisory fees received and retained by us relating to your Account. This fee will generally be a percentage of the investment advisory fee ordinarily credited to your Advisor for the applicable account. We will pay this fee to the Solicitor from the date you establish an Account in the Program for as long as your Account remains enrolled in the Program and the agreement between us and the Solicitor is effective. If we terminate the agreement with the Solicitor for certain reasons, we may continue to pay the Solicitor for a period of time after termination. We will not increase the fees you pay as a result of our payments to the Solicitor.

Our employees may refer advisory clients to BANA, including its private bank, U.S. Trust, Bank of America Private Wealth Management, and other Affiliates for products and services. 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.

Financial Information

Not Applicable.

Glossary

"Account" means each of the securities accounts to which the Agreement applies, and as set forth in the Portfolio Summary, as supplemented or changed from time to time.

"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 among you, as the Client, MAA and MLPF&S, as it may be amended from time to time.

"AI Advisory Units" means a class, tranche or series of interests, units or shares or interests in a separate fund that has been structured specifically for clients subscribing to certain Alternative Investment Funds that are available to eligible clients in the Program.

"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).

"Alternative Investment Fund" means those Funds (other than ETFs and NTFs) that we designate as being in the Alternative Investment asset category which include the following: hedge funds, Private Equity Funds, managed futures funds, real estate funds, real asset funds, commodity pools, or any other Fund (excluding an NTF or ETF) that invests in: (1) alternative asset classes or (2) other Funds that invest in whole or in part in any of the foregoing types of Funds.

"Annuity" means a insurance product that through a legal contract with an Annuity Issuer can offer owners guaranteed lifetime income, tax-deferred accumulation potential and downside protection for owners or their beneficiaries, including a Variable and Fixed Income Annuity.

"Authority" means the authority to make certain investment and trading decisions with respect to the assets in an Account as described in Item 4 in the section "Investment Strategy Services Available."

"Code" means the Internal Revenue Code of 1986, as amended.

"Discretionary Manager" means a Style Manager that has full or partial discretion to effect transactions for your Account with an Unaffiliated Investment Firm and to determine the securities to buy, sell or hold in its Style Manager Strategy.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and **"ERISA Plan"** means a plan subject to the fiduciary responsibility provisions of ERISA or any other entity deemed to hold assets of such a plan, including SIMPLE, SEP and other IRAs subject to ERISA's fiduciary responsibility provisions.

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

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

"Fund" means a registered and unregistered investment company, including a mutual fund, money market fund, an Off-shore Fund, a closed-end fund, an ETF, an Alternative Investment Fund, a real estate investment trusts and any other pooled investment vehicle.

"GBI" means Gold Bullion International, LLC, the sponsor of the Precious Metals Program.

"GWIM CIO" means the Global Wealth and Investment Management Chief Investment Office.

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

"NTF" means non-traditional funds such as mutual funds and exchange-traded funds that are classified as Alternative Investments because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives.

"Offshore Funds" mean investment companies organized in jurisdictions not within the United States or its territories or possessions, not registered under the Investment Company Act and whose securities are not registered under the Securities Act.

"Portfolio Summary" means a periodic communication sent to you that contains important terms, conditions and information about your Portfolios, Accounts and Strategies.

"Precious Metals" means bars of gold, silver, platinum or palladium and/or gold, silver and palladium coins and the **"Precious Metals Program"** means the Gold Bullion International, LLC Physical Precious Metals Program.

"Private Equity Fund" means an Alternative Investment Fund designated as such by us which is usually characterized by a fixed and finite life span and a capital cycle consisting of upfront client commitments, the calling of capital commitments, and investment of the capital and distribution of the capital over time.

"Program" means the Merrill Lynch Investment Advisory Program.

"Program Strategy" means one or more investment styles or disciplines available in the Program, which include Managed Strategy, Custom Managed Strategy, Defined Strategy, Personalized Strategy with Advisor Discretion and Personalized Strategy with Client Discretion.

"Registered Fund" means any Fund that is registered under the Investment Company Act, including mutual funds, closed-end funds, ETFs and money market funds.

"Related Company" means a company that is an Affiliate of BANA or in which the BANA or an Affiliate of BANA or BofA Corp. has a material ownership interest. A **"Related Fund"** means any Fund for which Merrill Lynch or an Affiliate is the investment manager. A **"Related Style Manager"** means a Style Manager that is a Related Company, for example, U.S. Trust is a Related Style Manager.

"Retirement Account" means an ERISA Plan, a U.S. tax-qualified plan of self-employed persons, a U.S. individual retirement account, or any other plan, arrangement or entity subject to Section 4975 of the Code.

"Rule 12b-1 fees" means fees paid for the distribution of mutual funds pursuant to a plan made under Rule 12b-1 under the Investment Company Act.

"SEC" means the United States Securities and Exchange Commission.

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

"Style Manager" means an investment adviser, which may be Merrill Lynch, an Affiliate, and a Related Company or a third party that provides MAA or a client's Account with advice regarding the securities or other property to be purchased or sold in an Account. Style Managers may be registered investment advisers or investment advisers exempt from registration with the SEC.

"Style Manager Strategy" means an investment strategy that is constructed by a Style Manager that may include as a part of that strategy specific asset classes or asset types such as securities, Funds, other Style Manager Strategies, or a combination thereof.

"Target Asset Allocation" means a recommended allocation of assets in a Portfolio across one or more asset classes.

"Unaffiliated Investment Firm" means a bank, broker or dealer other than a Related Company.

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Review and Retain – Retirement Account Addendum

This notice provides ERISA-covered employee benefit plan fiduciaries with disclosures relating to ERISA section 408(b)(2).

This Fee Disclosure includes a description of the services we are offering to your Employee Retirement Income Security Act of 1974, as amended (“ERISA”) governed employee benefit plan or account (the “Plan”) with respect to the Merrill Lynch Investment Advisory Program (the “Program”) and the compensation that we and our affiliates expect to receive in connection with these services. This Fee Disclosure is being provided to the “responsible plan fiduciary” to the Plan in compliance with Department of Labor Regulation 29 C.F.R. 2550.408b-2. This Fee Disclosure is intended to be read in conjunction with the Program Brochure, as it may be amended or supplemented from time to time (the “Brochure”), your Program Client Agreement, as it may be amended or supplemented from time to time (the “Client Agreement”) and other documents referenced in this Fee Disclosure. You may obtain a copy of the Brochure at http://adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx or by contacting your Advisor.

We, or our affiliates, may provide other services to the Plan that are not covered by this Fee Disclosure. Under such circumstances, this Fee Disclosure should be read in conjunction with the fee disclosures that you may receive from us or our affiliates with respect to such other services.

This Fee Disclosure is not intended as, and does not constitute, an agreement for services with Merrill Lynch (as defined in the Client Agreement) (“Merrill Lynch”) (or its affiliates), and it does not create a contractual relationship or provide any type of guarantee with respect to the pricing of any services. Any services provided to the Plan would be governed by the written terms of the Plan’s Client Agreement with Merrill Lynch.

Description of Services

The Program is an investment advisory program offered by Merrill Lynch. For a description of the services provided to Program accounts, please refer to the section entitled “Services, Fees and Compensation” in the Brochure and the section entitled “Our Services” in the Client Agreement.

Fiduciary/Adviser Status

For a description of the status of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and Managed Account Advisors LLC (“MAA”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and under ERISA, please refer to the subsection entitled “Our Services as an Investment Adviser and Relationship With You” in the Brochure and the section entitled “Operation of Your Account; Implementing Advice – Our Fiduciary Responsibility” in the Client Agreement.

Fees, Style Manager Expenses and Other Compensation

Account Fees and Style Manager Expenses

For a description of the fees applicable to your Program account (including Style Manager Expense Rate, where applicable), please refer to the section entitled “The Program Fee and Other Charges” in the Brochure, the section entitled “Your Fees and Expenses” in the Client Agreement, and your Portfolio Summary, as may be amended and supplemented from time to time.

As explained in the Brochure in the section entitled “The Program Fee and Other Charges” and the Client Agreement in the section entitled “Your Fees and Expenses,” the Program Fee is an annual asset-based fee based on rates set forth in a fee schedule. For certain Program accounts, as

explained in the Brochure and in the Client Agreement, the Program fee is calculated based on the assets in your Program account, other than any Excluded Assets. For retirement plan Program accounts, “Excluded Assets” generally include positions in unit investment trusts (UITs), Alternative Investment Funds, insurance, annuities and affiliated securities.

Certain Program accounts may be subject to a negotiated fee or other special fee arrangement with Merrill Lynch. If this applies, please contact your Advisor for more information regarding your Program account fee.

Mutual Fund 12b-1 Fees and Other Fund Servicing or Distribution Fees

For a description of certain credits that the Plan may be eligible for in connection with investments in mutual funds that pay Merrill Lynch fees under Rule 12b-1 of the Investment Company Act of 1940, certain service, transfer agency, and sub-accounting fees or other types of compensation Merrill Lynch receives from related and unrelated funds, and credits related to exchange-traded notes that Merrill Lynch distributes or services, please refer to the section entitled “Funds and Other Products” and subsections entitled “Fund-related Expenses and Compensation” and “Exchange-traded Notes” in the Client Agreement and the subsection entitled “Compensation, Conflicts of Interest and Material Relationships” in the Brochure.

Investments in Funds Related to Merrill Lynch (including Related Money Market Funds) or with a Manager Related to Merrill Lynch

For a description of certain credits that the Plan may be eligible for in connection with investments in funds or portfolios sponsored, managed or advised by Merrill Lynch or an affiliate, please refer to the subsection entitled “Related Funds in Retirement Accounts” in the Client Agreement and the subsections entitled “Compensation, Conflicts of Interest and Material Relationships - Relationship of the Program with Related Funds and Affiliate Programs at Merrill Lynch” and “Account Requirements and Types of Clients – Retirement Accounts” in the Brochure.

Bank Deposits

If the Plan participates in Merrill Lynch’s Basic Retirement Program and the Plan elected to participate in the Retirement Asset Savings Program thereunder, then assets of the Plan may be deposited in Merrill Lynch affiliated banks. For more information about this service and benefits that we (and our affiliates) may receive in connection with such deposits, please see the “Retirement Asset Savings Program Fact Sheet” included with the Basic Retirement Program documentation.

If the Plan elects to participate in the Insured Savings AccountSM, then assets of the Plan may be deposited in Merrill Lynch affiliated banks and certain other participating banks. For more information about this service and benefits that we (and our affiliates) may receive in connection with such deposits, please see the “Insured Savings Account” documentation.

Additional Service Fees

We may charge an electronic fund transfer fee on transfers from your Program account, including transfers to another broker-dealer. The fee for this service ranges between \$15 and \$40 per transfer.

Under certain circumstances we may, at your direction, liquidate securities that are not eligible to be held in a Program account; refer to the subsection entitled “Operation of Your Account; Implementing Advice – How We Handle Ineligible or Unacceptable Assets in Your Account” in the Client Agreement and the subsection entitled “Funding and Operation of Accounts – Opening and Funding your Account” in the Brochure. Any fees with respect to such transactions will be governed by a separate brokerage agreement and disclosed in the fee disclosure you receive from Merrill Lynch or an affiliate with respect to such brokerage agreement.

Event Payments from Third-Party Vendors

Some third-party vendors will periodically participate in Merrill Lynch hosted internal training and education conferences, as well as conferences that Merrill Lynch may host for clients. The amount paid for participation is used to offset the expenses incurred for these events. For conferences hosted by the Merrill Lynch Retirement Services Group, sponsorship amounts generally do not vary by vendor and cannot be reasonably allocated to any particular Plan client. For example, over the past three years the amount that each participating vendor has contributed to sponsoring a Merrill Lynch Retirement Services Group internal training or education event has generally ranged between \$5,000 and \$60,000, and Merrill Lynch generally hosts approximately 5 to 10 of these Retirement Services Group internal training or education events per year. Additionally, the amount that each participating vendor has contributed toward sponsoring the Retirement Services Group annual conference has averaged approximately \$75,000. Sponsorship payments for internal training, education and client events hosted by Merrill Lynch that are not directly connected to Retirement Services Group business, but which may include clients of, or vendors to, our retirement plan business, are similarly used to offset the costs of the events and cannot be reasonably allocated to any particular Plan client.

Gifts and other Non-Monetary Compensation

From time to time, third-party vendors may provide Merrill Lynch with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals and access to certain industry related conferences (collectively, "gifts"). Merrill Lynch has implemented policies and procedures intended to identify, quantify and track gifts that Merrill Lynch receives. Merrill Lynch will report gifts received by it or its employees to the extent such amounts exceed the U.S. Department of Labor ("DOL") de minimis thresholds for any plan. The determination of whether the gifts that we receive exceed the de minimis threshold is made by Merrill Lynch after examining the gifts recorded each year and the value of the recorded gifts as may be attributable to a qualified retirement plan client under the DOL rules. Based on historic trends, Merrill Lynch does not expect to receive gifts in excess of the de minimis threshold under the regulations with respect to the Plan.

Compensation for Termination of Contract

There is no additional fee charged upon termination of a Program account, but as discussed above, certain transfer fees may apply. Refer to the section "Terminating This Agreement" in the Client Agreement and "Closing an Account and/or Terminating the Agreement" in the Brochure.

Compensation Paid Among Merrill Lynch and Its Affiliates

MLPF&S, MAA and their affiliates benefit from the fees paid by the Program account as described in the Brochure and the Client Agreement.

Solicitor Arrangements and Fees

If the Plan was referred to the Program through the Merrill Lynch Professional Alliance Program ("PAP"), a solicitor may be compensated for the referral of your Program account to Merrill Lynch. For more information regarding these arrangements, please see the PAP Disclosure Statement and Acknowledgement that applies to your Program account.

Style Managers

For information about the services and compensation of a particular style manager, please refer to the section entitled "The Program Fee and Other Charges – Merrill Lynch Fee Rate and the Style Manager Expense Rate" in the Brochure, the section entitled "Your Fees and Expenses – Style Manager Expenses" in the Client Agreement, and your Portfolio Summary, as may be amended and supplemented from time to time, the style manager's Form ADV Part 2 (available at http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx) and any supplemental disclosure document provided by the style manager, if available. For additional information regarding the services and fees of a style manager, please contact your Advisor.

Proxy Voting Services

Unless you have notified Merrill Lynch to the contrary, you have, pursuant to the terms of the Client Agreement, delegated proxy voting responsibilities for certain investments held in your Program Account to Institutional Shareholder Services, Inc. ("ISS") and instructed ISS to vote all proxies related to such investments in accordance with their applicable proxy voting guidelines. ISS is compensated by Merrill Lynch (or an affiliate thereof) for its proxy voting services. ISS has indicated to Merrill Lynch that it does not receive indirect compensation with respect to providing these services, other than the compensation that it receives from Merrill Lynch, and that it provides its proxy voting services as an investment adviser registered under the Advisers Act. ISS will be acting as a fiduciary under ERISA when it exercises discretionary authority over proxies. For more information regarding ISS and its services, please refer to the subsection entitled "Our Services – Proxy Voting" in the Client Agreement and the subsection entitled "Account Preferences and Other Elective Services – Proxy Voting and Other Legal Matters" in the Brochure, ISS's Form ADV Part 2 (available at <http://www.adviserinfo.sec.gov>), and ISS's applicable proxy voting guidelines (available at <http://vds.issproxy.com/3584>). For more information, please contact ISS.

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Understanding Your Relationship with Us

BROKERAGE AND INVESTMENT ADVISORY SERVICES

At Merrill Lynch¹, we focus on your goals, engaging with you to understand your life priorities and financial concerns, and then use our broad capabilities to make your experience a positive one, and help you reach the outcomes you desire. In serving our clients, we offer a wide variety of account programs and services with a broad range of features and benefits. Merrill Lynch is registered under federal and state securities laws as both a broker-dealer and an investment adviser, and therefore, depending on your needs, goals and investment objectives, your advisor may assist you with brokerage services, investment advisory services or both.

We want to make sure that you are aware of certain important differences between brokerage and advisory program services we may provide to you, including differences in costs, our obligations and the rules that govern these services. You should carefully consider these differences when deciding which type, or combination of types, of services best covers your investment goals and needs.

Our relationship with you when providing Investment Advisory program services

Merrill Lynch and our advisors offer a number of investment advisory programs and services governed under the Investment Advisers Act of 1940 (the "Advisers Act"), including: non-discretionary and discretionary asset management, advice on the selection of models, and strategies of third-party professional asset managers. Merrill Lynch is registered with the Securities and Exchange Commission as an investment adviser.

Where we act as an investment adviser over your account, we have a unique fiduciary relationship with you, and as such, are obligated to act in your best interests and to make full and fair disclosure about our relationship and the services being provided to you, as dictated by the Advisers Act.

Specifically, in an advisory relationship, we are obligated to:

- Act in your best interests by providing investment advice that is based on your overall financial situation, goals, risk tolerance, liquidity needs and investment objectives;
- Disclose actual and potential conflicts of interest between our interests and yours, including whether and to what extent we (or our affiliates) may receive additional compensation from you or a third party as a result of our relationship with you;
- Obtain your express consent before purchasing securities from you, or selling securities to you, for our own (or affiliated) accounts (i.e., we may not act as "principal" without your consent); and
- Treat you fairly at all times, that is, to not unfairly advantage one advisory client to the disadvantage of another.

When entering into an investment advisory program relationship with you, we must execute a written client agreement with you that more fully describes our obligations to you. We also will deliver to you a disclosure document, commonly referred to as your advisory program "brochure," that will summarize, among other things, our business, the investment advisory programs we provide, our various advisory program fees, our investment professionals, and any actual or potential conflicts of interests

between our interests and yours. You should carefully consider all of the information in your written client agreement and in the brochure before you enter into an investment advisory program relationship with us.

The fees charged for advisory program services are described in the written client agreement that you execute with us. In your advisory program account, you generally will not pay fees for each transaction. Instead you will pay us (and, in turn, your advisor will be compensated by us) a fee that is based upon an agreed upon percentage of the assets held in your advisory program account, and that will be charged as described in the written client agreement and the brochure.

The overall advisory program fee that you will pay typically covers both the advisory program and any necessary brokerage services provided by us in connection with the management of your account. Accordingly, your total costs will generally not increase or decrease as a result of the frequency of transactions in your advisory program account. If you are enrolled in an advisory program that offers the investment models of professional third-party money managers, the overall advisory program fee also includes the third-party money manager's fee.

Our relationship with you when providing Brokerage Services

Merrill Lynch also offers numerous brokerage services. If you have brokerage accounts with us and we make a recommendation regarding a securities transaction in your brokerage account, we must have a reasonable basis to believe that recommendation is suitable for you at the time it is made to you. Any such recommendation by us must take into account your specific investment objectives, risk tolerances, financial and tax status and other financial information you have disclosed to us.

Importantly, in providing brokerage services to you, we are not acting as a financial or investment adviser to you, as those terms are understood under the Advisers Act. Our obligations to disclose information regarding our business, actual or potential conflicts of interest between you and us, and other matters are more limited than if we had an advisory program relationship with you. For instance, we may transact with you in a principal capacity without your express consent. Additionally, when we act for you solely as broker-dealer in the context of a brokerage account, we may be paid by you and, sometimes, by third parties who will also pay us based on what you buy, and such compensation from third parties may be paid regardless of whether or not we recommended such security to you.

When Merrill Lynch provides services to you in a brokerage account we will facilitate the execution of transactions based on your express instructions to us. While we may charge you for such transaction executions, you also will receive certain additional services that are incidental to our brokerage relationship with you, such as investment and market education, research, and personalized guidance and information about financial products and services. Unlike in an advisory program relationship, in a brokerage account we do not have discretion to buy and sell securities for you. This means that you always retain the final decision whether to buy, sell, or hold securities in your brokerage account.

As noted above, you will generally compensate us (and, in turn, your advisor will be compensated by us) through costs incurred for each transaction. This compensation is often called either a "commission," or, in the case of certain transactions, a mark-up, mark-down, or spread. Because we are generally paid in connection with each transaction, in a brokerage relationship the costs associated with your account will generally increase or decrease based on the frequency of transactions in the account and the types of securities you purchase. Other costs and/or



¹ Merrill Lynch, Pierce, Fenner and Smith, Incorporated is referred to as "Merrill Lynch", "we" or "us" throughout this notice. Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation ("BoFA Corp.").

Investment products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

fees may also apply to your brokerage account. These brokerage related fees, commissions, mark-ups, mark-downs and/or spreads that we charge you cannot be excessive and must comply with the laws and regulations that cover brokerage and related services.

Certain securities, such as initial public offerings, may only be purchased in a brokerage account. Your advisor will receive compensation in the form of an up-front underwriting sales commission paid in connection with the offering. We recognize that there may be advantages to transferring securities from a brokerage account to an advisory program account, including receipt of ongoing investment advice from your advisor, consolidating positions in a single portfolio for reporting and other reasons, and eliminating commissions and other transaction based costs when selling securities. While you will not incur transaction costs in your advisory program account, any securities transferred to your advisory program account will be subject to asset management fees (as described above) immediately upon transferring.

Selecting the right relationship for you

You should discuss with your advisor the brokerage and advisory program services that we offer to determine which may be most appropriate for you. You can do so at any time and you always have a choice of products and services available to you. More broadly, when you compare account types, brokerage and advisory program services and their relative costs, you should consider various factors, including, but not limited to:

- Your investment goals;
- Your preference for an investment advisory program or brokerage relationship;
- Your preference for a discretionary or a non-discretionary relationship;
- Your preference for a fee-based or commission-based relationship;
- The types of investment vehicles and solutions that are available in each Merrill Lynch program or service;
- Whether a particular investment solution offered in a brokerage or advisory service is available through another Merrill Lynch program or service at a different cost;

- How much trading activity you expect to take place in your investment advisory program or brokerage account;
- How much of your assets you expect to be allocated to cash;
- Whether you wish to invest in mutual funds, and which mutual funds (if any) are available in particular programs; and
- The frequency and type of informational reports, performance reporting and account reviews that are available in each program or service.

In some cases, an advisory program relationship will cost you more than a brokerage relationship; however, in other cases, a brokerage relationship may cost you more. With assistance from your advisor, how you answer the questions above will help determine what level of service and pricing structure is right for you.

You may prefer that we serve you as both a broker-dealer and an investment adviser simultaneously, in which case you may have both types of accounts and relationships with us (i.e., you may have some brokerage accounts and some advisory program accounts). It is important to note that the fact that we may serve in both capacities for separate accounts does not mean that our specific brokerage relationships with you are subject to the same obligations as our advisory program relationships with you. The specific nature of our relationship with you will be described in our written agreement with you governing each account, and you are encouraged to review your agreement carefully. You may also consult with your advisor at any time.

We believe in working closely with you to understand and help you reach your goals. We want to keep the lines of communication open at all times, having regular conversations with you so that we are aware of your priorities, concerns and objectives. We also believe it is important to regularly review your progress and, where necessary, make adjustments as well as adapt to your changing needs. ■

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More information

As always, it is our privilege to assist you in seeking to achieve your financial goals. We recognize that your needs and goals may change over time, and that how you transact business with your advisor may change too. We encourage you to discuss the details of your relationship with Merrill Lynch with your advisor. Should you have any questions or wish to discuss your relationship with us, as well as your investment goals and objectives, please contact your Merrill Lynch advisor.



¹ Merrill Lynch, Pierce, Fenner and Smith, Incorporated is referred to as "Merrill Lynch", "we" or "us" throughout this notice. Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation ("BoFA Corp.").
Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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