

## Wrap fee program brochure

Please retain for your records

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

If you have any questions about the contents of this Brochure, please contact us at 877.444.0916. Information about the Program, including a copy of this Brochure, can be accessed at [merrilledge.com/guided-investing](http://merrilledge.com/guided-investing). 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.

It is important that you know that the advisory services described in this Brochure are not insured or otherwise protected by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency; are not an obligation of any bank or any Affiliate of MAA or MLPF&S; are not endorsed or guaranteed by Bank of America, N.A., MAA, MLPF&S, any bank or any Affiliate of MAA or MLPF&S; and involve investment risk, including possible loss of principal.

Additional information about MAA and MLPF&S also is available on the SEC’s website at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

**March 27, 2017**

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

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

Investment products:

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

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On October 3, 2016, Merrill Lynch filed the initial brochure (“Brochure”) for the Merrill Edge Guide Investing program. Set forth below is a summary of the material changes to this Brochure since that date. The material changes summarized below were also incorporated within this Brochure. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary.

**Below are changes made to the Brochure as part of its annual update on or about March 27, 2017.**

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

We are updating this section of the Brochure to enhance and clarify existing disclosures and to highlight potential conflicts of interest associated with the implementation of GWIM CIO-led strategies across other Bank of America Affiliates or divisions.

### **Additional Enhanced Disclosures**

We periodically review our Brochure disclosures and consider enhancing existing disclosures when we believe our clients would benefit from enhanced or clarified disclosures relating to the Program and its Services, the Program Fees, conflicts of interest or other important information. We would encourage you to review the enhanced disclosures regarding conflicts of interest that may be present as a result of event payments from third party vendors, as well as other gifts and non-monetary compensation we may receive from such parties. Please refer to the section titled “Receipt of Compensation from Investment Advisers.”

**Below are changes made to the Brochure as part of an update made on January 9, 2017.**

## **CLIENT ELIGIBILITY**

We are updating the “Services, Fees and Compensation” and “Client Eligibility” sections of this Brochure to reflect that the Program is no longer limited to only certain employees of Merrill Lynch and BANA.

# Table of contents

Material Changes .....	2	Portfolio Manager Selection and Evaluation.....	18
Services, Fees and Compensation.....	4	<b>ETF Review and Selection, Strategy Construction and Oversight</b> .....	18
<b>Description of Services</b> .....	4	ETF Review Process .....	18
<b>Electronic Relationship</b> .....	4	Strategy Construction .....	18
<b>Investment Advice</b> .....	5	Asset Allocation Approach.....	19
Establishing Your Account.....	5	Selecting ETFs for the Strategies.....	19
Advice and Guidance.....	7	Investment Strategy Review and Oversight .....	19
<b>Strategies and Program Guidelines</b> .....	7	Profiles and Other Information.....	19
Strategies .....	7	<b>Relationship of the Program with Third Parties and other Affiliate Programs at Merrill Lynch</b> .....	19
Rebalancing Your Account.....	7	<b>Merrill Lynch and Certain Affiliates Acting as Portfolio Managers</b> .....	20
Available Strategies.....	8	Advisory Services Provided by Merrill Lynch and Certain Affiliates .....	20
Program Guidelines.....	8	Tailored Investment Advice.....	20
<b>Brokerage and Custody Services</b> .....	8	Wrap Fee Programs.....	20
Brokerage Services .....	8	Performance-Based Fees .....	20
Custodial Arrangements .....	9	Methods of Analysis.....	20
<b>Account Features</b> .....	9	Voting Client Securities .....	20
Proxy Voting and Other Legal Matters.....	9	Client Information Provided to Portfolio Managers .....	20
Trade Confirmation Statements .....	9	Client Contact with Portfolio Managers.....	20
Reasonable Investment Restrictions.....	9	Additional Information.....	20
<b>Program Fees</b> .....	10	<b>Disciplinary Information</b> .....	20
Program Fee Rate .....	10	<b>Other Financial Industry Activities and Affiliations</b> ..	23
Calculation of Fees .....	10	<b>Receipt of Compensation from Investment Advisers</b> ..	24
Deduction of the Program Fee from Your Account.....	10	ETF Investing .....	25
Services Covered by the Program Fee.....	11	Investing Cash Balances in Money Market Funds .....	25
Other Fees and Expenses .....	11	<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b> .....	25
Additional Information .....	11	Conflicts of Interest and Information Walls .....	25
<b>Ability to Obtain the Program Services Separately</b> ..	11	Code of Ethics .....	26
<b>Funding and Operation of Accounts</b> .....	12	Participation or Interest in Client Transactions .....	26
Establishing a Program Account .....	12	Securities Trading by Merrill Lynch and its Personnel .....	26
Funding Your Account.....	12	<b>Review of Accounts</b> .....	27
Withdrawals and Contributions of Assets.....	12	Account Reviews .....	27
Changing your Strategy.....	13	Client Reports.....	27
Closing an Account and/or Terminating the Client Agreement.....	13	<b>Client Referrals and Other Compensation</b> .....	27
Investment of Cash.....	13	Compensation for Client Referrals .....	27
<b>Risk and Tax Disclosure</b> .....	14	Other Compensation .....	27
General Risks of Investing Through the Program .....	14	Financial Information .....	28
ETF Investing .....	14	Additional Information .....	28
Investing Cash Balances in Money Market Funds .....	17	<b>Glossary</b> .....	28
Loans and Collateral.....	17		
Tax Matters.....	17		
<b>Compensation</b> .....	18		
Account Requirements and Types of Clients.....	18		
<b>Electronic Relationship</b> .....	18		
<b>Client Eligibility</b> .....	18		
<b>Strategy Minimums</b> .....	18		

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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### Services, Fees and Compensation

This Brochure describes the Merrill Edge Guided Investing program (the “Program”), which is offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S” or “Merrill Edge”) and Managed Account Advisors LLC (“MAA”).

Both MLPF&S and MAA are indirect wholly owned subsidiaries of Bank of America and are referred to in this Brochure as “Merrill Lynch,” “we,” or “us.” Both MLPF&S and MAA provide services in the Program, as described in detail below.

All capitalized terms are defined in the body of this Brochure and/or in the Glossary, which can be found at the end of this Brochure.

### Description of Services

The Program is designed to help you pursue your investment goals by providing you with investment advice, guidance and access to advisory services and investment solutions (“Services”) delivered through the Program’s interactive website at [merrilledge.com/guided-investing](http://merrilledge.com/guided-investing) (the “Program Website”). Before investing through the Program, please read the description of our Services and the other information in this Brochure and contact us at 877.444.0916 if you have any questions.

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

### Electronic Relationship

The Program provides you with the Services described in this Brochure electronically through use of the Program Website. Through an online experience, you will be asked to provide us with certain information, consider and (if acceptable) select a recommendation from us. You will also be provided with information and periodically contacted about the ongoing management of your Account through the same online experience. You should carefully consider whether your participation in the Program is appropriate for your investment needs and goals. You must log in to the Program Website to access important documents, ensure information is accurate and up to date and complete periodic reviews.

You can communicate with us through the Program Website or by telephone at 877.444.0916.

You will be required to sign the Client Agreement and other agreements necessary to participate in the Program electronically. These agreements and other disclosures and notices will be delivered to you in electronic format only, by posting the information on the Program Website where you access your Account, through email or other electronic means. We will not send you paper versions of documents as part of the Program unless required by applicable law or in our sole discretion.

In order to access the Program Website, you will be required to establish online credentials (access information). You are solely responsible for user activity that occurs in your Account and the information provided to us through the Program Website. You are also responsible for maintaining the security and confidentiality of your Account access information. You must notify us immediately if you believe your Account has been accessed in an unauthorized manner or the security and confidentiality of your access information have been compromised.

When logging on to the Program Website, you will be notified when a new or updated document is available via the secure message center on the Program Website. You will also be notified via the email address you provided to us when documents are available for viewing in the Program Website’s secure message center.

You must provide us with a valid email address as a requirement to enroll in the Program. You are required to immediately notify us of any changes to your email address by updating your information via the Program Website or by calling us at 877.444.0916.

Failure to provide accurate contact information could result in termination from the Program. If we are notified that the email address you provided is invalid, we will attempt to contact you by other means to request a valid email address. If you do not provide a valid email address, your enrollment in the Program may be terminated. In addition, if, at any time while you are enrolled in the Program, you do not have access to a device with the necessary hardware and software or are unwilling to sign electronically or to accept electronic delivery of all Program documents and communications, you will not be able to continue to be enrolled in the Program and you should contact us at the number above to understand your options.

For additional details related to electronic communications, please refer to the eCommunications Disclosure in the enrollment documents for the Account available on the Program Website.

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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### Investment Advice

The Program offers you the ability to fund an Account to pursue an investment goal. As described in the following section, the Program Website will help you establish an Account for the assets that you identify.

As part of establishing the Account, we will recommend:

(i) an allocation of your assets across one or more asset classes (“Target Asset Allocation”); and (ii) an investment strategy (each, a “Strategy” and collectively, the “Strategies”) designed to align to that Target Asset Allocation and the specific needs of your Account.

Once your Account is established, we will monitor the assets in your Account for alignment with the Strategy’s allocation as part of our advice and guidance. If appropriate, we will make recommendations regarding changes to your Account, including changes to the Strategy you selected.

#### 1. Establishing Your Account.

We will work with you to establish an Account designed to meet your investment needs with respect to assets in the Account.

To establish the Account, we will:

- Gather information about you;
- Recommend a Target Asset Allocation; and
- Recommend a Strategy.

##### a. Gather Information About You

We will gather from you and periodically request that you confirm important financial and personal information used as the basis for our investment recommendations.

It is your responsibility to ensure that the information you provide to us is complete and accurate. When you provide accurate and complete information, we will be better able to make suitable recommendations for your Account assets. It is also your responsibility to notify us if any information we have about you is inaccurate or becomes inaccurate.

Through the Program Website, we request certain information and ask questions of you to gather information about you. If you feel any of the questions are unclear or you do not understand why the information is being sought, please contact us at 877.444.0916. Be careful when inputting your answers or information. If you enter inaccurate information, the resulting recommendation might not be right for you. The Program incorporates only the financial information you provide, and our investment recommendations are limited to and based only on the information you provide through the Program Website. We will not independently verify the information you provide through the Program Website and we will not consider other information obtained in connection with another account or relationship with Merrill Lynch or its Affiliates. If you believe there is additional financial information that should be

considered to inform the investment recommendations made through the Program, please contact us at 877.444.0916.

Your Account may either be a non-Retirement Account that is available for a general investing goal or a Retirement Account that is available for a retirement goal. For the Account you choose to establish, we will help you identify the following information:

- **Risk Tolerance:** Your Account Risk Tolerance is a reflection of your ability and willingness to lose some or all the assets in your Account in exchange for greater potential returns. Your Risk Tolerance will be determined by your answers to the Risk Tolerance profiling questions and can be one of three types: Conservative (Low Risk Tolerance); Moderate (Medium Risk Tolerance); or Aggressive (High Risk Tolerance).
- **Time Horizon:** Your Account Time Horizon is a reflection of how long you expect to invest in order to achieve your investment goal. The method for determining the Time Horizon for your Account depends on the type of Account you establish. For a non-Retirement Account, the Time Horizon is based on the Target Year you input. For a Retirement Account, the Time Horizon is based on a combination of your Retirement Age and your Years in Retirement that you input.
  - **Target Year (for a non-Retirement Account only):** Your Account Target Year is the year by which you plan to access some or all of the assets in your Account and is used to determine your Account’s Time Horizon.
  - **Retirement Age and Years in Retirement (for a Retirement Account only):** Your Retirement Age is the age at which you are estimating to retire and will be reflected as both an age as well as the associated year. The Years in Retirement input is a reflection of how long you intend to use the assets in your Account after retirement. Your Retirement Age and your Years in Retirement will be combined to determine your Retirement Account’s Time Horizon.

We will use your Account Risk Tolerance and Account Time Horizon, along with other information you provide, to assist in recommending a Target Asset Allocation and a Strategy for your Account. The recommendations provided for each Account are aligned and limited to the specific investment goal for that Account. Additional investment goals will require that you set up additional Accounts.

##### b. Recommend a Target Asset Allocation

For the Account, we will assist you in establishing a Target Asset Allocation based on the information you have provided to us and how you want your Account managed. We currently offer different Target Asset Allocations (including Conservative, Moderately Conservative, Moderate, Moderately Aggressive and Aggressive).

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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The Target Asset Allocations for the Program will range from 0% to 100% in up to four asset classes including:

- Equities;
- Fixed Income;
- Alternative Investments; and
- Cash.

We will generally adjust our Target Asset Allocation and ranges from time to time in response to or in anticipation of changing market conditions and other factors.

We will recommend a Target Asset Allocation for your Account based on a combination of your Account Risk Tolerance and your Account Time Horizon. For example, our more conservative Target Asset Allocations typically recommend a greater percentage of your assets be allocated to fixed-income and cash asset classes, rather than to the equity asset class. Our more aggressive Target Asset Allocations typically recommend a greater percentage of your assets be allocated to the equity asset class, rather than to fixed-income and cash asset classes. You should consider carefully the recommended Target Asset Allocation for your Account.

Your Target Asset Allocation will be applicable to only those assets in the Account and will not take into account other assets you may have. The Target Asset Allocation for each Account is used to inform investment decisions in the Account and will not impact other assets you may have in other accounts within this Program or in other accounts with MLPF&S. For additional information on the Target Asset Allocation for your Account, see the “Advice and Guidance” section.

A hypothetical projection of investment outcomes for your Account’s recommended Target Asset Allocation over the Time Horizon for your Account will be made available through the Program Website. Hypothetical projections do not reflect actual investment performance of your Account, the Strategy you select or the underlying ETFs in the Strategy and are not guarantees of future results. Any hypothetical projections presented through the Program Website make use of probabilistic modeling, a statistical modeling technique in which a set of future outcomes are forecasted based on the variability or randomness associated with historical occurrences. The projections presented are an illustration of the possible range of outcomes determined by the model based on the recommended Target Asset Allocation and based on information you provided as part of the online profiling process. For information about how the projections are calculated, how the information you provide is used, the assumptions used and limitations of the projections, please consult the “Hypothetical Projections: Methodology, Assumptions and Limitations” document available on the Program Website.

### c. Selecting a Strategy

After recommending a Target Asset Allocation for your Account, we will present to you a Strategy depending on the Target Asset Allocation and the specific investment needs of your Account.

Strategies used in the Program are designed to obtain exposure to the various asset classes through a portfolio of Exchange Traded Funds (“ETFs”) and cash. The Strategies seek to strike a balance between current income and growth and are designed to utilize securities holdings that can be readily converted to cash without experiencing a significant loss due to the lack of a ready market or incurring significant costs or penalties.

We construct the Strategies available through the Program primarily using ETFs. We will select the ETFs and determine the appropriate allocation among those ETFs for a Strategy. We select ETFs from among a universe of ETFs identified through our review, screening, selection and evaluation processes described in the section “Portfolio Manager Selection and Evaluation.” A Strategy’s cash allocation (as an asset class) will be invested in accordance with the cash sweep option that you select as part of the cash sweep program described in the underlying Merrill Lynch securities (brokerage) account agreement for your Account. Your assets may also be held in cash and/or cash alternatives (collectively referred to as “cash”) for a variety of other purposes, such as:

- Transaction execution;
- Program Fee collection; and
- Asset protection purposes (e.g., during periods of volatile or unusual market conditions), in our sole discretion.

Information about the investment of cash in your Account is described below in the section “Funding and Operation of Accounts — Investment of Cash.” As described in more detail below in the section “Program Fees,” cash in your Account will be subject to the Program Fee.

Before selecting a recommended Strategy, you should read the detailed description provided in the Profile for the recommended Strategy through the Program Website. Additional information can also be found in the “Portfolio Manager Selection and Evaluation” and the “Services, Fees and Compensation — Strategies and Program Guidelines” sections in this Brochure. If you have any questions, please contact us at 877.444.0916.

Our advice is based on the information you have provided to us for that Account and is limited by the stated and agreed-upon:

- Account Target Asset Allocation;
- Account Strategy;
- Other applicable factors such as the type of Account you establish; and



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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- Account investment restrictions, if any. See the section “Account Features — Reasonable Investment Restrictions” for information.

### 2. Advice and Guidance.

On the Program Website you will be able to view the actual asset allocation for your Account (“Actual Asset Allocation”) and compare it to the Target Asset Allocation for your Account. At times, your Account’s Actual Asset Allocation may become misaligned with the Strategy allocation for many reasons, such as market movement, additions and withdrawals of assets from your Account, changes in the Strategy you select, or purchases and sales of certain securities in your Account. We will monitor the assets in your Account on a periodic basis to help ensure that they generally remain consistent with the related Strategy allocation. For more information on how this works, please see the “Strategies and Program Guidelines — 2. Rebalancing Your Account” section in this Brochure.

Because your Account’s Target Asset Allocation is based on your Account Risk Tolerance and your Account Time Horizon, you will have to make a new Strategy selection for your Account if these change and the change results in a different recommended Target Asset Allocation. In addition, keep in mind that even if you do not change your input(s), which determine your Account’s Time Horizon, the Time Horizon for your Account will change (become smaller) as time passes, and the Target Asset Allocation will change over time (except if your Account already has a recommended Target Asset Allocation of Conservative). If, as a result of the passage of time, your Account’s recommended Target Asset Allocation changes, you will be presented with a new recommended Strategy for selection. With the selection of a new Strategy, certain securities held in your Account will be sold that may result in taxable gains or losses or fees or charges (if applicable) for your Account.

### Strategies and Program Guidelines

This section describes in detail the Strategies available through the Program and our authority for making certain investment and trading decisions to implement the Strategies.

#### 1. Strategies.

##### a. Investment and Trading Authority

Pursuant to an agreement between MLPF&S and MAA, MLPF&S provides advisory services through the Program, in part, by furnishing investment recommendations to MAA for a Strategy based on a model portfolio in accordance with the applicable Profile. All Strategies developed by MLPF&S will be implemented by MAA with full investment and trading discretion. By granting to MAA investment and trading discretion, you grant us complete and unlimited trading authority and we may invest, reinvest, purchase, sell, exchange, convert and otherwise trade assets in your Account in accordance with your selected Strategy. You grant this investment and trading authority through the Client Agreement and it will remain in full

force and effect until such time that the Account is terminated. MAA will not contact you before exercising its investment and trading discretion over the assets in your Account. However, any change from one Strategy to another Strategy for an Account will require your consent because you retain authority to select a Strategy.

##### b. MAA’s Role

As described above, MAA will have authority to make all investment and trading decisions for your Account. MAA will:

- Implement MLPF&S investment recommendations for the Account;
- Invest the initial and any subsequent cash and securities deposited in the Account;
- Monitor available cash, contributions and distributions in the Account;
- Process all contributions, withdrawal requests and Account terminations;
- Periodically review the Account for rebalancing as described below in the “Rebalancing Your Account” section of this Brochure;
- Implement any Reasonable Investment Restrictions in your Account as described in the “Account Features — Reasonable Investment Restrictions” section of this Brochure; and
- Implement your tax-selling instructions, if any.

#### 2. Rebalancing Your Account.

MAA actively manages your Account’s investments and may rebalance these investments to the Strategy’s allocations at any time in its sole discretion. MAA monitors your Account daily for contributions or withdrawals of assets and rebalances your Account when it deems it appropriate. Other flows of assets into or out of your Account such as dividends, interest, or the payment of the Program Fee may also prompt MAA to review your Account to determine if rebalancing is warranted. When Merrill Lynch updates your selected Strategy’s allocations or ETFs, these changes may result in all, a portion of, or none of the assets in your Account being traded. MAA monitors your Account for drift from the Strategy’s target allocations and may rebalance all or a portion of your Account’s assets to the Strategy allocation.

MAA may apply tolerance parameters or other criteria when rebalancing your Account to focus on the ETFs or assets with greatest deviation from the Strategy’s allocations. At times rebalancing may be targeted at specific ETFs or assets. The frequency and parameters MAA uses to rebalance your Account in a selected Strategy may change at any time and may be different from the parameters used in other types of investment strategies or investment advisory programs sponsored by Merrill Lynch.

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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MAA may at times consider the tax implications of certain transactions for certain types of accounts. MAA's implementation of rebalancing may be delayed or otherwise impacted by market events and conditions and/or operational constraints. MAA reserves the right not to rebalance your Account if we believe it is not in your best interest to implement the rebalancing of your Account to the Strategy's allocations.

### 3. Available Strategies.

We will determine the manner and extent to which Strategies are made available to clients through the Program, including when they may no longer be offered. Occasionally, we may decide to discontinue offering or to replace certain Strategies. We will provide you with prior notice before selecting a replacement Strategy or provide you with information regarding the updated Strategy after such replacement is made. If you do not agree with the recommended replacement Strategy, you can terminate your participation in the Program. Otherwise, your continued participation in the Program after the termination of the Strategy will be considered to be your consent to the replacement Strategy. If your Account is not eligible for the replacement Strategy, we may terminate your Account. In certain circumstances, we may terminate the offering of a Strategy and promptly select a replacement that we believe to be in your best interest.

You may be able to obtain investment solutions that are the same as or similar to the Strategies offered in the Program through other investment advisory programs or services sponsored by Merrill Lynch or its Affiliates, at a higher or lower cost than the Strategies in this Program. The services that you receive by investing in such solution through a different program or service may or may not be similar to the Services you receive through the Program. For more information, please see the "Ability to Obtain Program Services Separately" section in this Brochure. You should also contact us if you have questions about the Strategies or to discuss the investment solutions, services and strategies available to determine which may be most appropriate for you.

### 4. Program Guidelines.

Our supervision and monitoring do not substitute for your own continued review of your assets and the performance of your Account investments. You are responsible for logging in to your Account regularly to review performance and access trade confirmations, periodic account statements and other information we make available to you. If you identify any discrepancies, you should promptly report them to us by calling the number provided on the Program Website.

Because of our and our Affiliates' business relationships, there may be occasions when we will be unable to recommend the purchase or sale of certain securities for your Account, even if it is in your best interests to do so. This can arise in instances when insider trading policies, changes in research opinions or other activities prohibit trading in your Program Account. In addition, we may obtain information anytime through various

non-Program-related businesses that could be used to benefit the management of your Account, but which cannot be used for this purpose because of various legal prohibitions, such as the insider trading prohibition. Our investment advice will generally not include any recommendations concerning the purchase or sale of common stock, preferred stock and debt securities issued by Bank of America Corporation, and certain Affiliates and other Related Companies, as well as other securities that we may determine from time to time. From time to time, however, an ETF selected for a Strategy may invest in securities issued by Bank of America Corporation or its Affiliates to achieve its investment objective. Any such investments by an ETF are required to comply with the applicable provisions of the Investment Company Act, including limitations on investments in securities-related businesses, and will not be influenced by MLPF&S or MAA.

### Brokerage and Custody Services

You are required to maintain a securities (brokerage) account with us through Merrill Edge Self-Directed Investing. The Program Fees you pay for investment advisory services also generally cover the custody of your assets and the execution of transactions in the Program (except as otherwise indicated). Certain brokerage, banking or other features of your securities (brokerage) account will not be available to you for your Account while enrolled in the Program.

#### 1. Brokerage Services.

In your Client Agreement, you appoint us to act as your agent and attorney-in-fact with such discretionary power and authority to buy, sell or otherwise effect transactions in ETFs and any other securities or other property in your name for your Account. You also authorize and direct us to cause all transactions to be effected through MLPF&S or our Affiliates acting as agent or, as permitted by law, as principal. If MLPF&S or an Affiliate cannot effect a transaction on your behalf, you authorize and direct us to effect the transaction through an Unaffiliated Investment Firm, and to establish accounts as necessary for the purpose of effecting transactions in the Program.

When we select an Unaffiliated Investment Firm to execute transactions because MLPF&S cannot effect a transaction, MAA will take into account various factors, such as:

- The nature and quantity of the securities involved;
- The markets involved;
- The importance of speed, efficiency and confidentiality;
- The firm's apparent knowledge of such markets and sources from or to whom particular securities might be purchased or sold;
- The reputation and perceived soundness of the firm;
- The ability and willingness of the firm to facilitate both purchases and sales of securities for client accounts by participating in such transactions for its own account;



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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- The firm's clearance and settlement capabilities; and
- Other factors relevant to the selection of a broker-dealer for the execution of client securities transactions.

You, and not we, will bear the cost of markups or markdowns that are not covered by the Program Fees and that are payable to Unaffiliated Investment Firms (including on fixed-income or over-the-counter transactions in which MLPF&S and its Affiliates act as agent).

In effecting transactions for your assets in the Program, MLPF&S or our Affiliates will be acting exclusively as a broker-dealer. We may, but are not required to, aggregate orders for the sale or purchase of securities for your Account with orders for the same security for our other clients, proprietary accounts or the accounts of our employees and/or Related Companies, without your prior authorization. In such cases, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata shares of any fees. To the extent MLPF&S provides similar investment recommendations for a particular Strategy to MAA for implementation, MAA's ability to implement those recommendations may be affected by the liquidity of the security, market volatility, and any price limits that may be imposed by MLPF&S. This may in turn have a negative impact on the performance of a Strategy.

We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct it as promptly as possible without disadvantaging you. Depending on the circumstances, corrective actions may include canceling a trade, adjusting an allocation, and/or reimbursing you. In general, in instances where we are responsible for effecting the transaction, we may: (i) reimburse you for any losses directly resulting from trade errors; (ii) credit to you any profits directly resulting from such trade errors that are corrected after the settlement of the transaction; or (iii) retain for ourselves any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

### 2. Custodial Arrangements.

MLPF&S will act as the custodian for the assets held in the Program. Your assets will be maintained in an account established at MLPF&S through the applicable securities (brokerage) account. In the Client Agreement, you agreed to open any necessary securities (brokerage) accounts and execute the applicable MLPF&S brokerage and other account agreements.

Any assets held in the Program must be and remain free from any lien, charge or other encumbrance (other than a lien, charge or other encumbrance in favor of us or our Affiliates), unless we agree otherwise. You must notify us in writing prior to effecting loans secured by securities in the Program (including loans by our Affiliates) (commonly referred to as

"collateralizing"). 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 Client Agreement and your collateral arrangements, the terms of the Client Agreement will prevail. You must also disclose to any lender the terms of the Client Agreement. No specific securities in your Strategies should be held as collateral to secure your loan. There are adverse effects of collateralizing Strategies, including, but not limited to, the fact that the lending institution may require additional collateral or liquidation of securities to meet a call, as well as the related tax consequences. You must promptly notify us of any default or similar event under your collateral arrangements as defined in the respective collateral arrangements.

### Account Features

Your Account in the Program will have certain features as described below.

#### 1. Proxy Voting and Other Legal Matters.

##### a. Proxy Voting

You have the right to vote proxies for securities held in your Account and you will retain proxy voting authority for your Account. Since 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, as custodian of your Account, do not receive voting instructions from you, we will comply with the rules of the SEC and applicable self-regulatory organizations relating to such matters, as required by law.

##### b. Other Legal Matters

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

#### 2. Trade Confirmation Statements.

You will receive trade-by-trade confirmation statements electronically for transactions in your Account.

#### 3. Reasonable Investment Restrictions.

You may impose "Reasonable Investment Restrictions" on the management of your Account assets. Your initial instruction to us regarding investment restrictions, if accepted by us, will be reflected in your Portfolio Summary and will apply to your Account until such instruction is changed or withdrawn.

We will determine whether an investment restriction is reasonable and, if deemed reasonable, how to allocate the assets that would have been invested in the restricted security(ies). Even if we deem an investment restriction to be reasonable when initially requested, we reserve the right

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

to deem it to be unreasonable at any time should relevant circumstances change. Investment restrictions or any other limitations provided by you will not apply to the securities or other interests held in the portfolio of any ETF in your Account, even if an ETF provides public disclosure of the holdings within its portfolio.

If an investment restriction is reasonable, we will generally allocate the assets that would have been invested in the security(ies) impacted by the investment restriction: (1) to one or more substitute securities; or (2) to cash. Depending upon the request, an investment restriction may not be reasonable for various considerations, such as an insufficient number of substitute securities, the restriction results in a significant amount of cash in your Account and/or the resulting portfolio is inconsistent with our recommendations for your Account.

If one or more investment restrictions are determined to be unreasonable, the Account may not be enrolled in the Program and you should consider other more appropriate products or services. We reserve the right to modify our practices regarding investment restrictions in our sole discretion at any time without notice.

If you elect to restrict investments, you accept any effect such restrictions may have on the investment performance and diversification of your Account. The performance of an Account with Reasonable Investment Restrictions will differ from and may be lower than the performance of Accounts without such restrictions.

### Program Fees

For the Services provided in the Program, you will pay to us an annual asset-based fee (the “Program Fee”) at the rate set forth in the fee schedule below (the “Program Fee Rate”), which is nonnegotiable and payable monthly in advance. Please see the section “Other Fees and Expenses” for a list of other fees and expenses that you may be charged and that are not included in the Program Fee.

#### Fee Schedule

Account Value	Program Fee Rate
Your Account assets	0.45%

You may be eligible for benefits such as Program Fee rebates or credits under certain promotional programs (“Bank programs”) that Bank of America, N.A., offers from time to time for its banking product clients who also use the products or services of its Affiliates, including Merrill Lynch. In general, you must be a banking client of Bank of America, N.A., elect to participate in these Bank programs, and meet certain eligibility criteria of the Bank programs in order to receive the benefits available to clients of Merrill Lynch under these Bank programs. For additional information on these Bank programs, please contact us at 877.444.0916 or visit the Program Website.

### 1. Program Fee Rate.

The Program Fee Rate for your Account will also be set forth in the Client Agreement and the fee schedule section of your initial Portfolio Summary. Upon your request, and at no charge, we will provide to you additional detailed information regarding your Program Fees. Please contact us by telephone at 877.444.0916 if you would like to receive this more detailed Program Fee information.

### 2. Calculation of Fees.

The Program Fee is payable monthly in advance and is calculated as follows:

For each calendar month, the Program Fee Rate that will be applied to your Account will be one-twelfth of the annual Program Fee Rate. In certain instances and in our sole discretion, we may waive or reduce your Account’s Program Fee for a particular month.

#### a. Initial Program Fee

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

#### b. Monthly Program Fee

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

#### c. Termination of Account(s)

If you or we terminate your Account we will refund to you a pro rata portion of the Program Fee based on the number of calendar days remaining in the month. The refund, if any, will be applied to your Account typically during the week following Account termination. See the section “Closing an Account and/or Terminating the Client Agreement” for further information.

### 3. Deduction of the Program Fee From Your Account.

You have agreed in the Client Agreement as follows:

- Unless otherwise agreed to between you and MLPF&S, the Program Fee (and any other fees payable under the Client Agreement) will be deducted directly from your Account;
- MLPF&S is authorized to deduct the Program Fee (and any other fees payable) from the assets held in your Account, to the extent permitted by law, if full payment of such Fees has

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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not been timely received or, if earlier, at the time the Account is terminated;

- The Program Fee and any other fees for your Account will be payable, unless otherwise indicated, first from the withdrawal by MLPF&S of your shares of any money market funds or balances in any money market or bank deposit account(s), as you authorize in the Client Agreement or other document, and second from free credit or cash balances, if any, in your Account;
- You will make timely payment of all amounts due to MLPF&S under the Client Agreement, and any unpaid Program Fees may result in the termination of your Account;
- To the extent permitted by law, all assets in your Account or otherwise held by MLPF&S or its Affiliates for you will be subject to a lien for the discharge of your obligation to make timely payment to MLPF&S of the Program Fee (and any other fees payable under the Client Agreement), and MLPF&S may sell assets in your Account to satisfy this lien;
- You can instruct us to deduct the Program Fee from an alternate account. If you wish to instruct us to collect the Program Fee from an alternate account, please download the form and instructions for selecting an alternate account at: [merrilledge.com/AltDebitForm](http://merrilledge.com/AltDebitForm);
- If free credit or cash balances within the alternate account you have designated for your Program Fee to be deducted from are not available, the Program Fee will be moved to and deducted from your Program Account.

#### 4. Services Covered by the Program Fee.

The Program Fee covers our brokerage services, including clearance and settlement of transactions and custody of assets, as well as the investment advisory services, as described in this Brochure. Certain services that may normally be available in certain types of securities (brokerage) accounts will not be available to your Account while you are enrolled in the Program. These services that are not available to your Account while you are enrolled in the Program include the Margin Lending Program, check writing, Visa cards, and client order entry (including extended-hours trading). The full amount of the Program Fee payable under the Client Agreement will be charged in accordance with the terms of such Agreement, regardless of your use of any of the services offered or of the amount of transactions effected in your Account.

Although the Program Fee covers brokerage services, you should evaluate the value of the Program based on totality of the services offered including the nature of the investment advice provided. You will be charged a Program Fee that covers charges for brokerage execution, and you should be aware that transactions involving these investments are not subject to separate charges for brokerage execution. Please take this into consideration in evaluating the reasonableness of the

Program Fee and the Services and Strategies that may be most appropriate for you.

#### 5. Other Fees and Expenses.

The Program Fee does not cover:

- Transaction charges on trades effected through or with an Unaffiliated Investment Firm (including fixed-income or over-the-counter transactions in which we act as agent);
- If applicable, commissions, markups or markdowns in connection with principal transactions effected for your Account;
- Transfer taxes;
- Mutual fund redemption and other fees as described in more detail below;
- Exchange or similar fees charged by third parties, including issuers, and fees required by the SEC;
- Alternative trading system fees;
- Electronic fund, wire and other Account transfer fees;
- The internal fees and expenses of the ETFs used in the Program; and
- Any other charges imposed by law or otherwise agreed to with regard to the Account.

The Strategies available in the Program primarily utilize ETFs, each of which has internal fees and expenses that are specified in the individual ETF Prospectus. Please review the ETF Prospectus carefully. Please refer to the "ETF Investing" section for more information about ETF-related fees and expenses.

#### 6. Additional Information.

The Program Fee will be applied to cash and cash alternatives held within your Account, including any assets in your bank deposit programs and money market fund shares. The Program Fee is in addition to other compensation that MLPF&S and its Affiliates will earn in connection with these assets. Although your cash will be swept in accordance with the cash sweep option you select as part of the cash sweep program described in your underlying securities (brokerage) account agreement, you may experience negative performance on the cash portion of your Strategy if the Program Fee charged on your cash is higher than the return you receive from your cash sweep vehicle.

Generally, all Account values used to determine the Program Fee described above are based on the market value of the assets in your Account, as determined by MLPF&S.

#### Ability to Obtain the Program Services Separately

You should consider the brokerage and investment advisory services we make available to determine which may be most appropriate for you. You may be able to obtain some or all of the

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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types of Services described in this Brochure from us without participating in the Program. If you were to do so, your total cost may be lower or higher than the Program Fee.

You may also be able to obtain the same or similar Services, investment solutions, or types of investments through other programs or services; both investment advisory or brokerage, offered by Merrill Lynch and 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 if they are available, the fees associated with them may be lower or higher than the fees we charge.

You should consider the services and investment solutions we make available to determine which may be most appropriate for you. More broadly, when you compare the services, investment solutions, account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an investment advisory or brokerage relationship;
- Your preference for a discretionary or a nondiscretionary relationship;
- Your preference for a fee-based or commission-based relationship;
- Your preference for an online-only relationship compared to having access to a financial advisor;
- The types of investment vehicles and solutions that are available in each Merrill Lynch program or service;
- Whether a particular investment solution offered in one service is available through another Merrill Lynch program or service at a lower or higher cost;
- How much trading activity you expect to take place in your account;
- How much of your assets you expect to be allocated to cash;
- Whether you wish to invest in ETFs, and which ETFs are available in particular programs;
- The frequency and type of client profiling reports, performance reporting and account reviews that are available in each program or service; and
- The scope of ancillary services that may be available to you in a brokerage account, but which are not available in the Program.

### Funding and Operation of Accounts

#### 1. Establishing a Program Account.

With the Client Agreement, you can open an Account and enroll in the Program electronically. The effective date of the Client

Agreement for your Account will be the date of its acceptance by us and will be indicated in the Portfolio Summary for the Account. The Client Agreement will not apply to any accounts not reflected in the Portfolio Summary. As discussed above, you must provide us with a valid email address to enroll in the Program. Our advisory relationship begins upon the effective date of the Client Agreement with you. Preliminary discussions or recommendations before we enter into a Client Agreement with you are not intended as investment advice under the Investment Advisers Act and should not be relied on as such.

#### 2. Funding Your Account.

You may fund your Account by depositing cash and/or securities acceptable to us.

If we determine that any contributed investments are not eligible or are unacceptable, you authorize and direct us to sell those investments as promptly as practicable. We are acting solely in our broker/dealer capacity in connection with these transactions and we are entitled to charge a commission for the sale of these investments. We may also execute a principal trade for the sale and may retain the compensation from the transaction to the extent permitted by law.

Depending on the type of investment involved, the sale of these securities may cause you to incur taxable gains or losses or to pay applicable fees or charges. You are responsible for all tax liabilities arising from the sale of these securities and should review the potential tax consequences of these liquidations with your tax advisor before funding an Account.

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

You should consider all relevant factors before contributing mutual fund shares to the Program, including the fact that you may have paid a front-end sales charge and any applicable contingent deferred sales charges or redemption fees will remain your responsibility and will be in addition to the Program Fees.

#### 3. Withdrawals and Contributions of Assets.

In connection with withdrawal requests, liquidation of certain securities may be required. You can make a request to withdraw your assets via the Program Website or by calling us at 877.444.0916. Further:

- You must notify us at least five (5) business days prior to withdrawing funds or securities from your Account. Funds must be withdrawn from the Account by you as soon as

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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practicable after the settlement date(s), and if the requested funds are not withdrawn from the Account within fifteen (15) calendar days after settlement, the funds may be subject to reinvestment without notification to you by us;

- If you have questions or would like information relating to a withdrawal request, please contact us at 877.444.0916.
- We reserve the right to terminate the Account if it falls below the required minimum asset size;
- We require time to make decisions regarding the securities to liquidate to accommodate the withdrawal request;
- For certain Strategies and/or securities, such as securities that trade as odd-lots, it may take longer than four (4) business days before you can access your requested funds;
- Program Fees paid by you may increase and taxable gains and losses may be realized as a result of your withdrawal request.

Frequent withdrawals from your Account may affect the achievement of investment goals for the Strategy you selected.

Contributions of funds and securities to your Account do not require advance notice, except as specifically provided in the section titled “Brokerage and Custody Services—Custodial Arrangements.” There may be a delay between the date that funds or securities are contributed to an Account and the date that MAA invests such funds in accordance with the applicable Profile for each Strategy. We will not be liable for any lost opportunity profits that may result from a delay in investing any contributed funds or securities. Please refer to the “Funding Your Account” section for additional details when contributing ineligible securities to your Account.

### 4. Changing your Strategy.

You may be presented with a new recommended Strategy in the future to reflect a change to the information you provided through the online profiling process such as a change to your financial situation, time horizon, and risk tolerance, or for other reasons.

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

### 5. Closing an Account and/or Terminating the Client Agreement.

The Client Agreement may be terminated at any time by either us or you, with written notice to the other parties.

The termination of the Client Agreement will terminate enrollment of the Account in the Program. You can request to terminate your Account’s enrollment in the Program either online via the Program Website or by phone at 877.444.0916. Any request to terminate will be confirmed with you via email. If you terminate enrollment of your Account in the Program online, your positions will remain intact in a securities (brokerage)

account with Merrill Lynch (Merrill Edge Self-Directed Investing). If you would like to liquidate all or part of your positions when terminating your enrollment in the Program, you may do so by calling us at 877.444.0916. We will attempt to process your requests in a prompt manner. If your withdrawal request requires the liquidation of any securities, it may take up to ten (10) business days to process.

Upon termination of an Account or the Client Agreement, a pro rata adjustment to the Program Fees for the remainder of the billing period will be made, which may result in a refund of your Program Fees. Upon termination of the Client Agreement, you (or the legal representative of your estate) will have the sole responsibility for the investment of assets in your securities (brokerage) account at Merrill Lynch.

### 6. Investment of Cash.

You will be charged a Program Fee on all cash balances maintained in your Account.

The Strategy’s allocation to cash and any cash balances in your Account, including funds pending investment, will automatically be invested or “swept” in accordance with the cash sweep option you select as part of the cash sweep program described in the underlying Merrill Lynch securities (brokerage) account agreement relating to your Account. Depending upon the type of securities account that you establish and your selection, cash balances will be swept to one or more banks that are Affiliates or to money market funds.

Information relating to the cash sweep options available to you is included in the underlying Merrill Lynch securities (brokerage) account agreement available on the Program Website. If you have questions relating to these cash sweep options, please call us at 877.444.0916. We do not have discretion to make the selection of the cash sweep option or any other available cash options for you.

Additionally, you may elect a no-sweep option for the cash balances held in your Account. If you select the no-sweep option, your cash balances will remain in your Account until they are needed to satisfy any debits (due to securities purchases or other transactions) in your Account and will not earn interest or dividends. If you elect the no-sweep option for your Account, you should understand that Merrill Lynch will continue to charge the Program Fee on the cash held in your Account even though you are not earning any interest or dividends on that cash, and that may create a conflict between you and us. You should carefully consider whether the no-sweep option is right for you. Unless otherwise agreed, your Account will be credited with any dividends, interest and principal paid on cash balances held in your Account.

If cash balances are deposited into a bank deposit account of one or more banks, including an affiliated bank:



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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- Cash will be placed in an account bearing a reasonable rate of interest and the participating depository institution will benefit from its use of the deposits, and we or our Affiliates will receive compensation from the participating depository institution, including an affiliated bank. This compensation will be in addition to, and will not reduce, your Program Fee, except as required by law.
- The applicable terms are described in the disclosures that the client received in connection with the underlying Merrill Lynch securities (brokerage) account for your Account, and are also available on the Program Website.

Cash balances held in a money market fund are subject to the fund's management, distribution, transfer agent, and other expenses. See the sections "Risk and Tax Disclosure — 3. Investing Cash Balances in Money Market Funds" and "Receipt of Compensation from Investment Advisers — Investing Cash Balances in Money Market Funds" for more information. These fees and expenses are in addition to, and will not reduce, your Program Fee, except as required by law.

The availability to you of any of these different options will depend on your underlying Merrill Lynch securities (brokerage) account type, as well as whether the particular option you have selected in connection with your securities brokerage account is available in the Program.

At times, each Strategy may have different cash allocations based on the investment solutions used in the Strategy or current market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, for defensive purposes and for other cash management purposes, such cash allocations may comprise all or a substantial portion of your assets invested in a particular Strategy.

### Risk and Tax Disclosure

#### 1. General Risks of Investing Through the Program.

All investments involve risk (the amount of which may vary significantly), investment performance can never be predicted or guaranteed, and the values of your assets will fluctuate due to market conditions and other factors.

We make no representations or warranties with respect to the present or future level of risk or volatility in your Account or the Strategy or investment's future performance or activities. You are assuming the risks involved with investing in securities and other investment products, and you could lose all or a portion of the amount held in the Program. As required by law, you will be provided with a Prospectus for each ETF purchased for a Strategy implemented in your Account, and you should read such Prospectuses carefully.

Your Account's Target Asset Allocation is not intended to be an assurance or guarantee of the performance of any investments in or of the Strategy. There is no assurance that the performance results of any benchmark or index used in

connection with a Strategy, including those shown in a Profile, can be attained. Market movements and other factors may result in significant differences between the performance of your Account, your Account's Target Asset Allocation and the Strategy selected for your Account. Investments made, and the actions taken, for your Account assets will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

In addition, you may impose Reasonable Investment Restrictions on your Account that may result in your Account being concentrated in one or a few sectors, industries or securities. Concentrated portfolios typically increase the risk and volatility of the Account and may result in a decrease in diversification.

With the increased use of technologies to conduct business, Merrill Lynch and its Affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include unauthorized access to digital systems (such as through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (making network services unavailable to intended users). Cyber incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting an ETF in which your Account invests, issuers of securities and other interests in which such ETF may invest, counterparties with which an ETF engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

#### 2. ETF Investing.

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



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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Among other services provided, we or our Related Companies may effect transactions for any of the ETFs offered through the Program, and any compensation paid to us or our Related Companies by the ETF, or its Affiliates, is in addition to the Program Fee. Due to the additional economic benefit to us or our Related Companies when assets in your Account are invested in an ETF that pays compensation to us or our Related Companies, a conflict of interest exists. We attempt to address this conflict by selecting ETFs based on the investment merits of the particular investment products and not based on the compensation that we and our Related Companies earn and through the disclosure in this Brochure.

You may be able to purchase shares of the ETFs included in a Strategy in the secondary market or from an ETF through an Authorized Participant (in creation unit aggregations only), or through us without enrolling in the Program. If you do so, you would not pay the Program Fee for such assets, however, you will not receive the investment advice and other Services offered through the Program.

Below is a summary of certain risks relating to investing in ETFs that may apply to all or certain types of ETFs included in a Strategy. Please refer to the particular ETF Prospectus for more information about the risks applicable for a particular ETF.

ETFs are subject to risks relating to market trading that include the potential lack of an active market for ETF shares and disruptions in the creation and redemption process. Although ETF shares are listed on a national securities exchange, it is possible that an active trading market in the shares of a particular ETF may not develop or be maintained, particularly during times of severe market disruption. If ETF shares need to be sold when trading markets are not properly functioning, the ETF shares may be sold at a significant discount to their Net Asset Value ("NAV"). In some cases, it may not be possible to sell ETF shares in the secondary market. For example, an unanticipated closing of the national securities exchange on which an ETF's shares are listed or one or more markets on which either the ETF's shares trade or the ETF's portfolio holdings trade or the inability of such markets to open for trading during normal business hours, such as in response to a natural disaster or other event causing severe market disruption, could result in the inability to buy or sell shares of the ETF and the ETF's inability to buy and sell exchange-traded portfolio securities during that period, or in a disruption of the ETF's creation and redemption process, and may make it difficult for the ETF to accurately price its investments, thereby potentially affecting the price at which ETF shares trade in the secondary market. All of these events could adversely affect the performance of the ETF.

Trading in ETF shares also may be halted by an exchange or other markets because of market conditions or other reasons. If a trading halt occurs, an investor may temporarily be unable to purchase or sell shares of the ETF. Similarly, an exchange or

other markets may issue trading halts on specific securities or derivatives, which will affect the ability of the ETF to buy or sell certain securities or derivatives. In such circumstances, the ETF may be unable to rebalance its portfolio or accurately price its investments and may incur substantial trading losses.

ETF shares also may trade on an exchange or on other markets at prices below their NAV. The NAV of ETF shares will fluctuate with changes in the market value of the ETF's holdings and the exchange-traded prices of the ETF's shares may not reflect these market values.

Only an Authorized Participant may engage in creation or redemption transactions directly with an ETF. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to an ETF and no other Authorized Participant is able to step forward to create or redeem, ETF shares may trade at a discount to NAV and possibly face delisting. This risk is exacerbated if an ETF has a limited number of institutions that serve as Authorized Participants.

Certain ETFs may effect creations and redemptions for cash, rather than in-kind. As a result, an investment in such an ETF may be less tax-efficient than an investment in a more conventional ETF. ETFs generally are able to make in-kind redemptions and avoid being taxed on gain on the distributed portfolio securities at the ETF level. An ETF that effects redemptions for cash, rather than in-kind distributions, may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption proceeds. If the ETF recognizes gain on these sales, this generally will cause the ETF to recognize gain it might not otherwise have recognized, or to recognize such gain sooner than would otherwise be required if it were to distribute portfolio securities in-kind. ETFs generally intend to distribute these gains to shareholders to avoid being taxed on the gain at the ETF level and otherwise comply with the special tax rules that apply to it. This strategy may cause shareholders to be subject to tax on gains they would not otherwise be subject to, or at an earlier date than, if they had made an investment in a different ETF. Moreover, cash transactions may have to be carried out over several days if the securities market is relatively illiquid and may involve considerable brokerage fees and taxes. These brokerage fees and taxes, which will be higher than if the ETF sold and redeemed its shares principally in-kind, will be passed on to purchasers and redeemers of creation units in the form of creation and redemption transaction fees. In addition, cash transactions may result in wider bid-ask spreads in shares trading in the secondary market as compared to ETFs that transact exclusively in-kind.

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

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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may be subject to greater losses in a declining market than a fund that is actively managed.

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

An ETF may be subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. To the extent an ETF invests in foreign issuers, those investments can be riskier than investments in U.S. issuers. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, if an ETF's underlying or target index becomes focused in stocks of a particular market sector, the ETF would have proportionately higher exposure to the risks of that sector.

An ETF may be subject to country/regional risk and currency risk. Country/regional risk is the chance that world events — such as political upheaval, financial troubles, or natural disasters — will adversely affect the value of securities issued by companies in foreign countries or regions. If an ETF invests a large portion of its assets in securities of companies located in any one country or region, the ETF's performance may be hurt disproportionately by the poor performance of its investments in that area. Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

An ETF may be subject to the risk that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. Small and midsize companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

To the extent an ETF is invested in fixed-income securities, such as bonds, it may be subject to the risk that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. An ETF may also be subject to counterparty risk or the risk that a counterparty fails to meet its contractual obligations to the ETF. In such

situations, an ETF may be unable to terminate or realize any gain on the investment or transaction, or to recover collateral posted to the counterparty, resulting in a loss to the ETF. If the ETF holds collateral posted by its counterparty, it may be delayed or prevented from realizing on the collateral in the event of a bankruptcy or insolvency proceeding relating to the counterparty.

ETFs invested in fixed-income investments may experience a decline in income when interest rates fall. This decline can occur because the ETF may subsequently invest in lower-yielding bonds as bonds in its portfolio mature, are near maturity or are called, bonds in the underlying index are substituted, or the ETF otherwise needs to purchase additional bonds. During periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by an ETF. The ETF would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the ETF's income. In addition, issuers of callable bonds may call securities with higher coupon rates or interest rates before their maturity dates. An ETF would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the ETF's income.

An increase in interest rates may cause the value of securities held by an ETF to decline. During periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For mortgage-backed securities, the risk is that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates. This will lengthen the duration or average life of mortgage-backed securities held by an ETF and delay the ETF's ability to reinvest proceeds at higher interest rates.

To the extent an ETF invests in lower-quality debt securities ("high-yield" or "junk" bonds), which are considered predominantly speculative, the ETF is subject to the substantially greater risk of default of such securities than higher-quality debt securities. Lower-quality debt securities can be illiquid, and their values can have significant volatility and may decline significantly over short periods of time. Lower-quality debt securities tend to be more sensitive to adverse news about the issuer, or the market or economy in general.

An ETF invested in municipal securities can be significantly affected by political or economic changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders, including in connection with an issuer insolvency. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

### 3. Investing Cash Balances in Money Market Funds.

As described in the underlying Merrill Lynch securities (brokerage) account agreement, you select the cash sweep option as part of the cash sweep program. As part of this selection, you may choose a money market fund made available through the cash sweep program as one of the options. Generally, the money market funds available through the cash sweep program are managed by an investment advisory subsidiary of BlackRock, Inc. Assets held in the money market funds managed by an investment advisory subsidiary of BlackRock, Inc., are also financially beneficial to Merrill Lynch and its Affiliates. These money market funds are generally not subject to sales charges, but they may include an annual asset-based sales charge and/or service fee (often referred to as a “distribution” or “service” or “12b-1” fee) that is equal up to a maximum of 1.00%. Generally, a portion of this amount is paid to Merrill Lynch. Merrill Lynch may provide various subaccounting and other related administrative services with respect to each money market fund position held in an account at Merrill Lynch and is compensated for these services. Certain of these money market funds have retained Financial Data Services, Inc. (“FDS”), an Affiliate of Merrill Lynch, as the transfer agent to such funds. The operating costs of each of these money market funds include its allocable share of the fees and expenses of such outside service providers.

You could lose money by investing in a money market fund. Although money market funds seek to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. An investment in any money market fund is not insured or guaranteed by Bank of America, N.A., Merrill Lynch or any bank Affiliate of Merrill Lynch, the Federal Deposit Insurance Corporation or any other government agency. A money market funds’ sponsor has no legal obligation to provide financial support to the money market funds, and you should not expect that the sponsor will provide financial support to the money market fund at any time. This and other important information is included in the Prospectus. Contact us to obtain a fund’s Prospectus. For more information about investing in mutual funds at Merrill Lynch, please refer to the document entitled “Mutual Fund Investing at Merrill Lynch” (domestic mutual fund disclosure) available at [www.ml.com/funds](http://www.ml.com/funds) or by calling us at 877.444.0916.

### 4. Loans and Collateral

Your Account assets may be “pledged” or used as collateral, if we consent, in connection with loans obtained through certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities-based lending Loan Management Account® (“LMA”) and Mortgage 100®/Parent Power® mortgage programs (collectively referred to as “Lending Programs”).

Under such Lending Programs, you may receive loan proceeds as a result of an arrangement whereby your Account is pledged to a lender, and, in certain circumstances, the lender may be

an Affiliate. If you have elected to participate in a Lending Program, the terms and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further herein. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks may be heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investible assets. A collateral call could disrupt the management of your Account. You may not be: (1) provided with prior notice of a liquidation of the securities in your pledged Account; or (2) entitled to choose the securities which are to be liquidated by the lender. The costs associated with such a lending arrangement under a Lending Program are not included in the Program Fees and may result in additional compensation to us and our Affiliate(s). You are encouraged to speak with us to the extent you have questions about how your Account may be used in connection with a Lending Program and how such an arrangement should be taken into consideration when discussing the management of your Account. If you have any questions, please contact us at 877.444.0916.

### 5. Tax Matters.

You are responsible for all tax liabilities and tax-return filing obligations arising from the transactions in your Account enrolled in the Program. In addition, if you are not a U.S. resident, adverse tax consequences and other jurisdictional issues associated with investing in U.S. securities are your responsibility. Furthermore, any ordinary income dividends, including distributions of short-term capital gain, paid by ETFs generally will be subject to a United States withholding tax under existing provisions of the Internal Revenue Code applicable to foreign individuals and entities, unless an exemption from such withholding tax under an applicable tax treaty applies.

We do not, and will not, offer tax advice to you and we strongly encourage you to seek the advice of a qualified tax professional. You should also understand that we are not responsible for attempting to obtain any tax credit or similar item or preparing and filing any legal document (including, but not limited to, proofs of claim) on your behalf.

Rebalancing, liquidations, redemptions, and other Strategy changes may cause you to recognize taxable gains or losses (and you may be obligated to pay other charges), and any other resulting tax liabilities and tax-return filing obligation will be solely your responsibility.

You may instruct us to effect tax-selling requests in your Account by contacting us by telephone at 877.444.0916. In connection with such requests:

- We will seek to comply with your instructions on a best-efforts basis;

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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- We, in our discretion, may limit the amount of losses or gains that can be realized from your Account at any time;
- Account performance may be adversely affected and may increase the volatility of its results;
- If we are directed to realize gains in your Account, we will resume normal trading activity, which could generate new taxable losses or gains, and the same or similar securities may be repurchased; and
- If we are directed to realize losses in your Account: (i) we will resume normal trading activity, which could generate new taxable losses or gains; (ii) securities sold for a loss will be restricted from being purchased for a minimum of thirty-one (31) calendar days, consistent with Internal Revenue Service Wash Sale rules; (iii) securities currently at a loss may not be sold in the Account if a purchase of a similar security occurred within 30 days before the sale; (iv) a higher-than-normal cash position may result for a period of time; and (v) we may, at our discretion, engage in strategies to invest the available proceeds for varying time periods in substitute securities, current holdings, and/or other ETFs.

### Compensation

We or our Related Companies and their Affiliates and employees benefit from the fees and charges paid by you and other clients for the Services described in this Brochure. Clients participating in the Program may also use other products or services available from or through Merrill Lynch and its Affiliates and, in such case, pay additional compensation. Advisors offering these other services and providing ongoing assistance to such clients generally receive compensation from MLPF&S.

Separate and apart from the Program, we may assist clients with their brokerage accounts and recommend the purchase or sale of securities, including stocks, bonds, mutual funds and other investments, as well as other products and services available through us and our Affiliates. In such cases, we or our Affiliates will receive compensation that is usually associated with or generated by such products, services and transactions. This compensation may include commissions, markups or markdowns, asset-based or subscription fees, mutual fund sales loads, Rule 12b-1 fees or other remuneration as may be described in the applicable confirmations, Prospectuses, subscription agreements or other offering documents. Where applicable, you should review all of this material carefully in determining whether to proceed with any such investments. Such compensation will be in addition to the fees charged for the Program.

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## Account Requirements and Types of Clients

### Electronic Relationship

As a requirement, you must establish an Account and enroll in the Program electronically through the use of the interactive Program Website as described in the Client Agreement and this Brochure.

### Client Eligibility

Investors generally eligible to participate in the Program include individuals investing through a taxable account or through a Retirement Account.

### Strategy Minimums

The minimum investment requirement for your Account in a Strategy is \$5,000 or as otherwise provided on the Profile for the Strategy. We may change this minimum at any time.

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## Portfolio Manager Selection and Evaluation

### ETF Review and Selection, Strategy Construction and Oversight

#### 1. ETF Review Process.

The Global Wealth and Investment Management Chief Investment Office ("GWIM CIO") of Merrill Lynch uses a multifactor process to review and select ETFs that may be used within a Strategy. These factors may include, but are not limited to:

- Organizational structure and ongoing administrative capabilities of an ETF provider;
- Index construction methodology and ETF portfolio management process;
- Tracking error to the reference index;
- Trading costs;
- Liquidity; and
- Expenses.

Subsequently, GWIM CIO monitors ETFs on a periodic basis by evaluating factors that may include, but are not limited to, those used to review and select ETFs noted above. In addition, GWIM CIO monitors ETFs for performance outside of our expectations as well as for any significant changes (e.g., changes at the sponsor, benchmark index changes, etc.) that may have a material impact on the ability of the ETF to perform as expected. Based on our review, GWIM CIO may remove ETFs from the universe of ETFs that may be included in a Strategy.

#### 2. Strategy Construction.

Through the Program, we make available various Strategies constructed by GWIM CIO. Please refer to the Profile for additional information about the Strategy you select. In general,

we develop the Strategies in an effort to strike a balance between current income and growth. We also select ETF investments for the Strategies that are expected to be readily convertible to cash without experiencing a significant loss due to the lack of a ready market or incurring significant transaction costs or penalties.

### 3. Asset Allocation Approach.

GWIM CIO constructs Strategies based on risk profiles and corresponding asset allocations. We develop asset allocations for the Strategies as follows:

- **Strategic Asset Allocation:** First, we forecast long-term expected return, risk, and correlation assumptions for each asset class (referred to as “Capital Market Assumptions”). The methodology used for each asset class takes into account current valuations as well as historical relationships among asset classes. We then use these Capital Market Assumptions as an input in the development of long-term allocation guidelines (referred to as “Strategic Asset Allocations”), which are the foundation for each Strategy. We review the Strategic Asset Allocations on a periodic basis.
- **Tactical Asset Allocation:** We then make adjustments to the Strategic Asset Allocations based on our near-term market, economic, and asset class expectations. The tactical adjustments (referred to as “Tactical Asset Allocation”) to the Strategic Asset Allocations, overweight or underweight specific asset classes, incorporating our investment views on how market dynamics, phases of the economic or business cycle, and particular investment themes may affect the Strategies. In order to determine Tactical Asset Allocations, we utilize internal as well as third-party research and data at both the macro and micro levels.

### 4. Selecting ETFs for the Strategies.

GWIM CIO will select ETFs to fulfill the Tactical Asset Allocation of the Strategies used in this Program. When selecting an ETF for a Strategy, we select only ETFs subject to the ETF Review Process described above. We also consider whether an ETF has sufficient assets under management and meets minimum trading volume parameters. In addition, we evaluate the ETF's share price, along with the corresponding allocation weighting, taking into account the Strategy's investment minimum.

### 5. Investment Strategy Review and Oversight.

Once the Strategies are constructed, GWIM CIO regularly monitors and reviews them and makes adjustments based on asset allocation changes resulting from the process described above in the “Asset Allocation Approach” section. The ETFs used in the Strategies are also periodically reviewed to ensure they continue to meet the criteria for inclusion as described above. The Strategies are also subject to internal governance and oversight processes on a periodic basis, which may include a review of Strategy performance against expectations as well as any applicable investment or regulatory restrictions.

### 6. Profiles and Other Information.

You will be provided with a document that contains a description of the Strategy you select (referred to as a “Profile”). The Profile for each Strategy is also made available to you on the Program Website. You should carefully read the Strategy Profile provided and understand the relevant objectives, styles and risks. While the Strategy Profile provides general information, any past performance shown is not indicative of future results and the performance of your Account's assets invested pursuant to a particular Strategy may differ from the information presented in the Strategy Profile. The Profile will also describe MAA's role in implementing each Strategy, and any related Account requirements with respect to the Strategy. We will also send to you or otherwise make available the applicable Prospectus and/or disclosure documents for the ETFs included in your Account, as required by law. These disclosure documents will describe the relevant objectives, styles and risks of the ETF.

No claim is made that performance information contained in the Profile has been calculated according to any industry standards. Once available, the performance information included in a Strategy Profile is accompanied by important disclosures about the types of accounts included as well as other relevant topics. You should carefully consider all of this information when deciding whether to select the particular Strategy. Strategy Profiles are updated at least annually and are typically updated quarterly to include performance information as of the most recent quarter-end. You should carefully read the Profile and prospectus for the ETFs in the Strategy and discuss any questions you may have with us.

### Relationship of the Program with Third Parties and other Affiliate Programs at Merrill Lynch

From time to time, we may enter into agreements with one or more investment advisers pursuant to which we distribute certain products and services sponsored or advised by such investment adviser. Consistent with applicable laws, management and employees of Bank of America Affiliates may be provided a broader level of access and exposure to Merrill Lynch, our management, financial advisors and other personnel, marketing events and materials, and client-related and other information. Such access and exposure may not be available to other asset managers and may enhance the ability of Bank of America Affiliates to distribute investment products through us.

In addition, other Bank of America Affiliates or divisions, such as U.S. Trust, Bank of America Private Wealth Management, may offer their own managed products or wrap programs that may be similar to this or other Merrill Lynch programs. In particular, we may also provide advice and/or recommendations to these different Affiliates or divisions, including advice related to the recommendation of certain investment managers. Importantly, the advice and recommendations provided to Merrill Lynch may be different from or conflict with the advice and



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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recommendations provided to other Affiliates or other programs. 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.

Further, although GWIM CIO releases information and analyses used in the Program 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.

### **Merrill Lynch and Certain Affiliates Acting as Portfolio Managers**

#### **1. Advisory Services Provided by Merrill Lynch and Certain Affiliates.**

We will generally act as the portfolio manager for your Account as described above in the section "Services, Fees and Compensation—Strategies and Program Guidelines."

#### **2. Tailored Investment Advice.**

As described above in the section "Services, Fees and Compensation," we will recommend an Account Target Asset Allocation based on certain information provided by you, and you will be able to select a Strategy for your Account designed for your Account Target Asset Allocation and other information you provide to us. Clients may impose Reasonable Investment Restrictions as described in the section "Account Features—Reasonable Investment Restrictions."

#### **3. Wrap Fee Programs.**

We act as both the wrap fee program sponsor and portfolio manager for the Strategies described in this Brochure. We also act as the portfolio manager in other wrap fee programs sponsored by us. We receive the entire Program Fee as described in this Brochure.

We also act as a portfolio manager in certain investment advisory programs, which are not wrap fee programs but are otherwise similar to the program described in this Brochure.

#### **4. Performance-Based Fees.**

The Program does not charge performance-based fees.

#### **5. Methods of Analysis.**

As described in the "Portfolio Manager Selection and Evaluation" section, we use certain methods of analysis and investment strategies to provide clients with access to professional investment advice and make available a choice of various investment styles and corresponding risk levels. You should understand that all investments involve risk (the amount of

which may vary significantly), that investment performance can never be predicted or guaranteed and that the value of your Account will fluctuate due to market conditions and other factors.

#### **6. Voting Client Securities.**

You have the right to vote proxies for securities held in your Account and will retain proxy voting authority for such securities.

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### **Client Information Provided to Portfolio Managers**

As part of the online enrollment process, we elicit information about your financial circumstances, risk tolerance, time horizon and other relevant information relating to your Account.

We will rely on information you provide in managing your assets. It is your responsibility to notify us promptly of any updates to such information. You can do this by updating your Account information through the Program Website or by phone at 877.444.0916. Failure to do so could affect the suitability of the Services being provided. You have represented that the information that you provide us is accurate and complete in all material respects. We will not be required to verify the accuracy of any such information. If you have an investment policy statement or other investment guidelines, it is your responsibility to ensure that the investment policy statement or guidelines are properly reflected in your responses to us and are reflected in your Portfolio Summary, including any investment restrictions. We do not have any responsibility to review, monitor or adhere to any investment policy statement, investment guidelines or similar document relating to your Account, and adherence to such investment policy statement, guidelines or similar document is solely your responsibility.

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### **Client Contact with Portfolio Managers**

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

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### **Additional Information**

#### **Disciplinary Information**

In the past, we have entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us for your investment advisory needs. Please note that certain disclosures discuss disciplinary events associated with Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"). BAI merged with Merrill Lynch on October 23, 2009, and BAS merged with Merrill Lynch on November 1, 2010. For the purposes of the disclosures on disciplinary information set forth in this section, "Merrill Lynch" shall refer to MLPF&S. In addition to



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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the descriptions below, you can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at: [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx).

On June 16, 2014, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA. The AWC related to Merrill Lynch's failure to have an adequate supervisory system to ensure that certain clients received Class A shares with sales charge waivers when purchasing certain mutual funds. As a result, those clients paid sales loads when purchasing Class A shares, or purchased Class B or C shares with higher expenses, during various periods. The clients included those having two types of retirement accounts and another type of client in brokerage accounts offered by Merrill Lynch. Merrill Lynch reported certain of these issues to FINRA, and all impacted clients have been or are in the process of being reimbursed as set forth in the AWC. Merrill Lynch consented to the imposition of a censure and a fine of \$8 million, and agreed to provide additional reimbursement to impacted clients as set forth in the AWC.

On June 21, 2012, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA related to the following five issues: (1) Merrill Lynch failed to have an adequate supervisory system to ensure that clients in certain investment advisory programs were billed in accordance with applicable contract and disclosure statements, and, as a result, overcharged certain client accounts unwarranted fees from April 2003 to December 2011; the client accounts impacted were less than 5% of Merrill Lynch's total advisory accounts, and the fees overcharged represented less than one-half of 1% (\$32,174,369) of the total advisory fees billed during that period; all impacted clients have been reimbursed; (2) between July 2006 and November 2010, Merrill Lynch failed to send contemporaneous and/or periodic trade confirmations to certain client accounts for 10 investment advisory programs; (3) between 1992 and June 2011, Merrill Lynch did not include or accurately state whether Merrill Lynch acted as an agent or a principal on trade confirmations and account statements relating to certain mutual fund transactions; (4) between 2007 and 2010, Merrill Lynch, either directly or through third-party vendors, failed to deliver proxy materials to certain clients or to their designated investment advisers, and to have an adequate supervisory system to detect its failure to deliver proxies; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period; and (5) between October 2001 and June 2010, Merrill Lynch failed to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period. In determining the appropriate sanctions, FINRA considered Merrill Lynch's internal review through which it identified the violations, the remedial measures that Merrill Lynch took to correct its systems and procedures, and

Merrill Lynch's efforts to provide remediation to affected clients. Merrill Lynch consented to the imposition of a censure and a fine of \$2.8 million.

On October 4, 2011, Merrill Lynch entered into a consent agreement with FINRA regarding the following events. FINRA alleged that Merrill Lynch failed 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 Merrill Lynch 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, Merrill Lynch consented to the entry of findings, a censure, and a fine of \$1,000,000.

On June 6, 2009, the United States District Court for the Southern District of New York entered a judgment enjoining BAI and BAS from violating, directly or indirectly, Section 15(c) of the Exchange Act. The SEC had filed a complaint alleging that BAI and BAS misled customers regarding the fundamental nature and increasing risks associated with auction rate securities ("ARS") underwritten, marketed and sold by BAS and BAI and that by engaging in such conduct, BAI and BAS had violated Section 15(c) of the Exchange Act. Without admitting or denying the allegations, BAI and BAS entered into a consent, whereby they agreed to a series of undertakings designed to provide relief to "individual investors" (as defined in the consent) including: (1) through their affiliate, offering to purchase at par from individual investors certain ARS; (2) agreeing to use reasonable efforts to identify individual investors who sold certain ARS below par, and to pay such investors the difference between par and the price at which they sold the securities; (3) agreeing to participate in a special arbitration process for the purpose of arbitrating any individual investor's consequential damage claim related to its investment in ARS; (4) agreeing to refund certain refinancing securities through the firms; and (5) undertaking to make their best efforts to work with issuers and other interested parties to seek to provide liquidity solutions for institutional investors that are not considered "individual investors." Two similar regulatory actions involving the marketing and sale of ARS occurred on January 10, 2012: (1) Merrill Lynch (as successor by merger to BAS and BAI, the "Respondents") agreed to a settlement with the Illinois Securities Department (the "Department"); and (2) Merrill Lynch agreed to a settlement with the North Carolina Department of the Secretary of State, Securities Division (the "Division"). In both actions, it was alleged that inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS. Both the Department and the Division of the respective states alleged that, through the aforementioned conduct, there occurred dishonest and unethical practices in the offer and sale of securities and failure to

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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supervise agents resulted. In the Illinois action, the Respondents agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, the Respondents agreed to pay a total fine of \$1,578,320.87 to the State of Illinois representing Illinois' portion of a total civil penalty of \$50,000,000 that will be distributed among the states and U.S. territories that enter into similar administrative or civil consent orders related to ARS. With respect to the North Carolina action, Merrill Lynch agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, Merrill Lynch agreed to pay a total fine of \$3,193,552.24 to the Division representing its portion of a total civil penalty of \$125,000,000 that will be distributed among the states and U.S. territories that enter into similar administrative or civil consent orders related to ARS.

On March 11, 2009, the SEC issued an order against Merrill Lynch alleging that from 2002 to 2004, several Merrill Lynch retail brokers permitted day traders to hear confidential information regarding Merrill Lynch institutional customers' unexecuted orders as they were transmitted over Merrill Lynch's squawk box system. According to the SEC, Merrill Lynch 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, Merrill Lynch consented to the entry of the order that: (1) found violations of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act for allegedly failing to maintain written policies and procedures reasonably designed to prevent the misuse of customer order information; (2) required that Merrill Lynch cease and desist from committing or causing any future violations of the provisions charged; (3) censured Merrill Lynch; (4) imposed a \$7,000,000 civil money penalty; and (5) required Merrill Lynch to comply with certain undertakings regarding the enhancement of certain policies and procedures.

On January 30, 2009, the SEC issued an order against Merrill Lynch 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 Merrill Lynch had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the nonjurisdictional findings thereof, Merrill Lynch consented to a censure, to cease and desist from violations of Sections 204 and 206(2) of the Advisers Act and Rule 204-2(a) (14) thereunder, and a fine of \$1,000,000. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by Merrill Lynch.

On May 1, 2008, the SEC issued an administrative order in which it found that BAI had willfully violated 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) for failing to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds affiliated with BAI. In the Order the SEC also found that Columbia Management Advisors, LLC ("Columbia Management"), as successor in interest to Banc of America Capital Management, LLC, willfully aided and abetted and caused BAI's violations of Sections 206(2) and 206(4) of the Advisers Act, and Advisers Act Rule 206(4)-1(a)(5). In the order, BAI and Columbia Management were censured and ordered to cease and desist from committing or causing such violations and future violations. In addition, BAI was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$793,773.00 to certain entities specified in the Order, and a civil monetary penalty of \$2,000,000; and Columbia Management was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$516,382 to certain entities specified in the Order, and a civil monetary penalty of \$1,000,000. BAI and Columbia Management consented to the Order without admitting or denying the SEC's findings. BAI also agreed to certain undertakings contained within the Order.

On February 14, 2008, Merrill Lynch consented to an AWC issued by FINRA. FINRA alleged that from at least January 2001 until January 2006, as a result of certain operational and supervisory deficiencies Merrill Lynch failed to timely and consistently update the firm's record system relating to certain investment advisory and fee-based accounts. When clients changed investment advisers or terminated enrollment in certain investment advisory or fee-based accounts, Merrill Lynch failed to consistently make changes in account proxy delivery addresses and/or remove traits that suppressed trade confirmation delivery in the firm's record systems. Additionally, Merrill Lynch failed to maintain written supervisory procedures and a reasonable system of follow-up and review with respect to such operational changes. Without admitting or denying the findings, Merrill Lynch consented to a censure and a fine of \$175,000.

On March 4, 2005, Merrill Lynch entered into a consent order with the State of New Jersey Office of the Attorney General Department of Law and Public Safety and the New Jersey Bureau of Securities ("Attorney General"). The Attorney General alleged: (1) market timing conduct by three Merrill Lynch Advisors engaged in market timing on behalf of their principal client, a hedge fund, and that despite warnings from supervisors that they were violating Merrill Lynch's policies, the Advisors continued to market time for the client until they were fired in October 2003, using, among other things, multiple accounts and undisclosed agreements to conduct and disguise their trading; (2) that Merrill Lynch failed to adequately supervise certain activities in connection with the conduct described above including failure to keep adequate books and records in violation

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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of the Exchange Act and New Jersey law; (3) the client entered into variable annuity contracts and certain other variable life insurance contracts with certain nonproprietary insurance carriers through the Advisors to engage in short-term trading in the investment subaccounts of these products and although the client's reallocation instructions were relayed through the Advisors to the insurance companies, Merrill Lynch gave no specific instruction to the Advisors concerning the reallocation of the underlying subaccounts of variable products; and (4) that Merrill Lynch failed to adequately enforce its established policy prohibiting market timing. Without admitting or denying the findings in the order, Merrill Lynch agreed to pay a civil monetary penalty of \$10 million and to certain undertakings including implementation of new procedures to maintain, as a required book and record under New Jersey and federal securities laws, records of all client reallocation requests made through a Merrill Lynch employee that involve mutual funds held as subaccounts of variable annuity products of outside insurance carriers.

On February 9, 2005, pursuant to an offer of settlement by BAS in which it neither admitted nor denied the findings, the SEC issued an administrative order. The SEC found that from July 2000 through July 2003, BAS, Banc of America Capital Management, LLC ("BACAP") and BACAP Distributors, LLC ("BACAP Distributors") facilitated market timing and late trading by some introducing broker-dealers and a hedge fund at the expense of shareholders of Nations Funds and other mutual fund families, provided account management tools and other assistance, and enabled introducing broker-dealers to conceal their clients' market timing activities from mutual funds. In the order, BAS was: (1) censured; (2) ordered to cease and desist from committing or causing any present or future violations of 17(a) of the Securities Act, 10(b), 15(c) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, and 17a-4 thereunder and Rule 22c-1, as adopted under 22(c) of the Investment Company Act, and from causing any present or future violations of 34(b) of the Investment Company Act and 206(1) and 206(2) of the Advisers Act; and (3) ordered to pay, jointly and severally with BACAP and BACAP Distributors \$250 million in disgorgement plus a civil monetary penalty of \$125 million. BAS also agreed to comply with certain undertakings including: (1) maintaining a compliance and ethics oversight infrastructure having, among other things, a code of ethics oversight committee, an internal compliance controls committee, a senior-level compliance officer for conflicts of interest and a corporate ombudsman; (2) retaining an independent compliance consultant to, among other things, review compliance, supervisory and other policies and procedures and adopt such procedures; (3) undergoing third-party compliance review every other year; and (4) retaining an independent distribution consultant.

On April 28, 2003, as part of a joint settlement with the SEC, NYSE and NASD arising from a joint investigation by the SEC, NYSE and NASD into research analysts' conflicts of interest,

Merrill Lynch, without admitting or denying the allegations of the complaint filed by the SEC, consented to the entry of a final judgment ("Final Judgment"). Pursuant to the settlement, which was entered on October 31, 2003, and modified on March 15, 2010, Merrill Lynch: (1) was permanently enjoined from violating Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder, NASD Conduct Rules 2110, 2210 and 3010, and NYSE Rules 342, 401, 472 and 476; (2) was ordered to pay a penalty of \$100,000,000, which was deemed satisfied by prior payments to the states in a related proceeding; (3) was ordered to pay substantial amounts for third-party research and investor education; and (4) was ordered to comply with certain additional undertakings. In a related disciplinary event, Merrill Lynch (as successor by merger to BAS) entered into an amended offer of settlement with the SEC on October 9, 2012. The settlement stems from an SEC Order dated March 14, 2007, against BAS (the "2007 BAS Order") claiming that BAS investment bankers inappropriately influenced equity research analysts, resulting in the publication of materially false and misleading research during the period of January 1999 through December 2001. The 2007 BAS Order censured BAS and ordered BAS to: (i) cease and desist from committing or causing any violations or future violations of Sections 15(c) and 15(f) of the Exchange Act, and Rule 15c1-2(a); (ii) pay \$26 million in disgorgement and penalties into a fair fund for distribution to its affected customers; (iii) retain an independent consultant to conduct a comprehensive review of the firm's internal controls to prevent the misuse of material nonpublic information concerning BAS research; (iv) certify to the SEC's staff in the second year following the issue of the 2007 BAS Order that BAS had established and continued to maintain Exchange Act Section 15(f) policies, practices and procedures consistent with the findings of the 2007 BAS Order; and (v) comply with Addendum A to the 2007 BAS Order, which implemented certain structural changes to the operations of the firm's equity research and investment banking departments. In the Merrill Lynch action, the District Court, on March 15, 2010, modified Addendum A to the October 31, 2003, Final Judgment by, among other things, removing similar provisions that remained in Addendum A to the 2007 BAS Order. The 2007 BAS Order, which remains in effect and binding on Merrill Lynch (as successor by merger to BAS), was modified on October 9, 2012, to strike Addendum A and provide that Merrill Lynch analysts, including ex-BAS analysts, must comply with the Final Judgment.

### Other Financial Industry Activities and Affiliations

MLPF&S, an indirect wholly owned subsidiary of Bank of America, 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 and 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.

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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Merrill Edge is the marketing name for certain services offered to clients through MLPF&S. 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.

MAA, an indirect wholly owned subsidiary of Bank of America, is a registered investment adviser that provides investment advisory services to clients that establish accounts under the Program and other investment advisory programs. As registered investment advisers, MLPF&S and MAA complete Form ADVs, which contain additional information about those entities, Bank of America and their Affiliates. Information is available through publicly available filings at the SEC or at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). 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/or MAA personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill Lynch to the extent necessary or appropriate to perform their job responsibilities.

Bank of America, through its subsidiaries and Affiliates, 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 securities brokerage, trading and underwriting; investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; securities clearance, settlement financing services and prime brokerage; private equity and other principal investing activities; proprietary trading of securities, derivatives and loans; banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; insurance and annuities sales and research across the following disciplines: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy.

Bank of America is subject to the reporting requirements of the Exchange Act, and additional information about Bank of America can be found in publicly available filings with the SEC.

We 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. Where you use or purchase Merrill Lynch's or our Affiliate's services or products, we and our Affiliates will receive fees and compensation.

Financial advisors may, as permitted by applicable law, receive compensation (the amount of which may vary) in connection with these products and services.

We address these conflicts in a variety of ways, including disclosure of various conflicts in this Brochure. Moreover, our financial 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 Advisers**

We and our Affiliates have business relationships with many investment managers, some of which may be ETF sponsors or have affiliates that are ETF sponsors. 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 their business. We may receive compensation in connection with such transactions and other services.

Investment managers may pay for, 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 our financial advisors and other personnel of MLPF&S, MAA or their Affiliates relating to Merrill Lynch investment advisory programs 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 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 MLPF&S (and its Affiliates) in any particular year has



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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represented less than one-half 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 MLPF&S nor its Affiliates incentivize financial advisors to recommend one vendor's product over another vendor.

From time to time, third-party vendors, including third-party managers, distributors, and insurance companies, may provide MLPF&S with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, golf balls, or gift baskets), meals and access to certain industry-related conferences (collectively, "gifts"). 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 receives. MLPF&S will report gifts received by it or its employees to the extent such amounts exceed the thresholds imposed by applicable regulations.

We have adopted various policies and procedures reasonably designed to prevent the receipt of the additional compensation, and other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest. We and our Affiliates select the ETFs 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. To the extent a Merrill Lynch financial advisor is providing services as part of a Merrill Lynch investment advisory program, we address the conflicts of interest associated with our fee-sharing arrangements by calculating the compensation paid to our financial advisors on the same basis for our investment advisory program assets for which they provide services without regard to the amount of additional compensation we or our Affiliates receive in connection with the Investments.

### **1. ETF Investing.**

Your Accounts will invest primarily in ETFs. We and our Affiliates receive fees paid by certain ETF or similar product sponsors or their Affiliates for licensing or other arrangements. These fees, which are typically calculated as a percentage of the assets of the ETF or similar product.

Bank of America is a diversified financial services company that, together with Merrill Lynch and their Affiliates, generally seeks to provide a wide range of services to retail and institutional clients, for which it receives compensation. As a result, Bank of America and Merrill Lynch can be expected to pursue additional business opportunities with the firms whose ETFs Merrill Lynch makes available to its clients and their affiliates

through the Program. Consistent with industry regulations, these services could include (but are not limited to): banking and lending services, sponsorship of deferred compensation and retirement plans, record-keeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, and the effecting of portfolio securities transactions for ETFs and other clients. Merrill Lynch professionals involved with the offering of ETFs to individual investor clients may introduce ETF distributors, sponsors, service providers or their affiliates to other services that Bank of America, Merrill Lynch and their other Affiliates provide. As such, Merrill Lynch and its Affiliates may earn additional compensation for services.

Revenue paid for, or generated by, such services may not be used by ETF distributors, sponsors or service providers to compensate Merrill Lynch, directly or indirectly, for any of the fees described throughout this Brochure.

### **2. Investing Cash Balances in Money Market Funds.**

As described in the underlying Merrill Lynch (brokerage) account agreement, you may have the option to select a money market fund as a sweep option as part of the cash sweep program. Generally, the money market funds available as options through the cash sweep program are managed by an investment advisory subsidiary of BlackRock, Inc. Merrill Lynch distributes certain products and services sponsored or advised by BlackRock, Inc. (including its subsidiaries) ("BlackRock"). Consistent with applicable laws, management and employees of BlackRock may be provided a broad level of access and exposure to Merrill Lynch, its management, financial advisors, financial solutions advisors and other personnel, marketing events and materials, and client-related and other information. Such broad access and exposure is not available to other asset managers and may enhance BlackRock's ability to distribute its mutual funds and other investment products through Merrill Lynch.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **1. Conflicts of Interest and Information Walls.**

Merrill Lynch is an indirect wholly owned subsidiary of Bank of America. Bank of America engages 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 Bank of America 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 conflict 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 Bank of America possess material nonpublic information.

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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Additionally, Bank of America 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 Bank of America's risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Bank of America, including 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.

### 2. Code of Ethics.

Each of MLPF&S and MAA has adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering our 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 our business with integrity and professionalism. Each Code of Ethics covers such topics as the:

- Requirement that all employees comply 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
- Obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

All covered personnel must certify to receipt of the Code of Ethics. We will provide a copy of each of the 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 their securities transactions and have implemented procedures for monitoring these transactions, as well as those of all our employees.

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

### 3. Participation or Interest in Client Transactions.

#### a. Loans and Collateral

As we describe in detail above in the section "Risks and Tax Disclosure—Loans and Collateral," 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. The costs associated with the Lending Programs are not included in the Program Fees and may result in additional compensation to us and our Affiliates. This additional compensation may result in a conflict of interest between us and you. We address this conflict of interest through our disclosure in this Brochure and through the disclosure related to each Lending Program.

#### b. Acting as General Partner

Certain Affiliates of MLPF&S and MAA 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 advisory clients of MLPF&S or MAA. The investments of the limited partnerships and other entities may vary but include, without limitation, real estate, futures, hedge funds and other alternative investments.

#### c. Other Financial Interests

Merrill Lynch, a Related Company or their respective Affiliates will receive additional economic benefits from cash investments held in your Account in addition to the Program Fee. This conflict may be greater when higher cash balances are maintained in your Account or where you have elected the "no sweep" option for your cash balances. At times, however, we may believe that it is in your best interest to maintain assets in cash, particularly for defensive purposes in volatile markets. We will not be precluded by any of these conflicts from exercising our judgment in your best interest.

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.

#### 4. Securities Trading by Merrill Lynch and its Personnel.

We and our Affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information 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, mutual funds, ETFs or investment 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.

We and our Affiliates may provide some or all of the same services offered in the Program through other firms, affiliated



# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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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 address these conflicts in a variety of ways, including (i) through disclosure in this Brochure; (ii) we are required to recommend investment products and securities that are suitable for each client based upon investment objectives, risk tolerance, financial situation and needs; and (iii) we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest—both those arising between and among an Account as well as between Accounts and our business. For example, our personnel also are subject to personal trading restrictions as detailed in our policies and procedures and Code of Ethics. These policies and procedures and the Code of Ethics require certain personnel to obtain preapproval for certain securities transactions, disclose their investment accounts, provide an annual holdings report, and provide a quarterly transaction report.

### Review of Accounts

#### 1. Account Reviews.

An important part of the Program relationship involves providing you with the opportunity to engage in periodic online reviews. These reviews provide updates on the progress of your Account, performance of your Account’s portfolio and other important information about your investments. We will contact you periodically primarily through electronic means to request that you review your information for each of the Accounts in the Program and ensure that it is up to date. You will be required to perform your review through the Program Website. In addition, you may receive additional reminders through other means to complete your review through use of the Program Website.

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

#### 2. Client Reports.

##### a. Portfolio Summary

We will periodically communicate to you important information about how we are managing your assets in the Program. The primary means through which we will communicate with you and memorialize the important terms, conditions and information about your Account and Strategy is the “Portfolio Summary.” You will receive a Portfolio Summary from us after

we accept your enrollment in the Program and each time you make changes to certain of the Services you elect, including, but not limited to, when you:

- Change a Strategy in your Account;
- Provide information that changes your Account Risk Tolerance or Time Horizon.

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 Account and pursuant to the Client 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 us or update your information via the Program Website if you believe any of the information is, or becomes, inaccurate.

#### b. Other Reports

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

### Client Referrals and Other Compensation

#### 1. Compensation for Client Referrals.

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

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

#### 2. Other Compensation.

Bank of America and its Affiliates have business relationships with many investment managers that may also sponsor ETFs separate and apart from the Program. For example, these

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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investment managers may direct clients' transactions to us and receive research, execution, custodial, pricing and other services offered by us in the normal course of our business. We may receive compensation in connection with such transactions and other services. You are encouraged to speak with us to discuss any questions that you may have about existing or potential conflicts of interest relating to your selected Strategy, including any business relationships that the relevant ETFs may have with Bank of America and its Affiliates. We address these conflicts of interest through our disclosure in this Brochure and generally through additional disclosures related to certain other transactions or services.

### Financial Information

Not Applicable

### Additional Information

The Volcker Rule, part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted to regulate certain activities and investments of financial institutions, contains a provision known as "Super 23A" that restricts, with certain exemptions, the types of transactions that banks and their affiliates can engage in with certain clients defined as "covered funds." Under these regulations, banks and their Affiliates are prohibited from lending and engaging in other "covered transactions" with entity clients deemed to be covered funds if the bank (either itself or through its affiliates), among other things, acts as an investment advisor or manager to such clients, including through an investment advisory program, like the Merrill Edge Guided Investing program. In general, if an entity client is a covered fund, any outstanding margin or other extension of credit by BANA or its Affiliates will need to be repaid and any margin or lending capability removed from the account, or the client must terminate the investment advisory relationship and utilize a brokerage or custody relationship with BANA or its affiliates for its investments. Certain other transactions between BANA or its Affiliates and the entity client will also be prohibited.

## Glossary

"Account" means the securities (brokerage) account to which the Client Agreement applies, and as set forth in the Portfolio Summary, as amended from time to time.

"Account Risk Tolerance" is a reflection of your ability and willingness to lose some or all the assets in your Account in exchange for greater potential returns. We will help you choose from three Account Risk Tolerance choices: Conservative (Low), Moderate (Medium) or Aggressive (High) Risk Tolerance.

"Account Time Horizon" is a reflection of how long you expect to invest in order to achieve your investment goal. As indicated in this Brochure, the Time Horizon for your Account depends on the type of Account you establish. For a non-Retirement Account, the Time Horizon is based on the Account Target Year you input. For a Retirement Account, the Time Horizon is based on a combination of your Retirement Age and your Years in Retirement that you input.

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

"Aggressive" Risk Tolerance (which may also be presented as High Risk Tolerance in certain Program materials) means you are willing to sustain loss of principal in individual transactions in the expectation that overall portfolio results in the balance of their holdings will produce above-average returns. You may experience a wide variance in results from one year to the next in the pursuit of longer-term goals.

"Authorized Participant" is typically a large institutional investor, such as a broker-dealer, that enters into a contract with an ETF to allow it to create or redeem shares directly with the ETF.

"BANA" means Bank of America, N.A.

"Bank of America" or "the Bank" means Bank of America Corporation.

"BlackRock" means BlackRock, Inc., and its Affiliates.

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

"Code of Ethics" means each of the Investment Adviser Code of Ethics for MLPF&S and MAA.

"Conservative" Risk Tolerance (which may also be presented as "Low" Risk Tolerance in certain Program materials) means that preservation of capital is your single most important concern. Adjusted for inflation, investment returns may be very low, or, in some years, negative, in return for high liquidity and reduced risk of principal loss.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

# Merrill Edge Guided Investing

## Wrap Fee Program Brochure

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“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.

“ETF” means an exchange-traded fund.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“GWIM CIO” means the Global Wealth and Investment Management Chief Investment Office group of Merrill Lynch and sometimes can be referred to as the Chief Investment Office (“CIO”).

“Internal Revenue Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Investment Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

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

“LMA” means the securities-based lending Loan Management Account® program.

“MAA” means Managed Account Advisors LLC.

“Merrill Edge” refers to the marketing name of certain services offered to clients through MLPF&S.

“Merrill Edge Self-Directed Investing” refers to a self-directed securities (brokerage) account available through Merrill Edge.

“Merrill Lynch,” “us,” “we” or “our” means either MAA or MLPF&S or both, depending on the Service provided.

“MLPF&S” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Moderate” Risk Tolerance (which may also be presented as Medium Risk Tolerance in certain Program materials) means you are willing to accept possible principal loss as a risk incurred in the pursuit of higher total return. The degree of risk is normally reduced through diversification and asset allocation.

“NASD” means the National Association of Securities Dealers.

“NAV” means the Net Asset Value; calculated by subtracting the fund’s liabilities from its assets, and then dividing the result by the number of shares outstanding.

“NYSE” means the New York Stock Exchange LLC.

“Portfolio Summary” means a periodic communication sent to you electronically that contains important terms, conditions and information about your Account and Strategy.

“Profile” means a written document entitled “Profile” that contains a description of a Strategy offered in the Program and may contain other information related to the Strategy’s asset allocation approach, portfolio construction process, and associated risks and other important information.

“Program” means Merrill Edge Guided Investing, an online investment advisory program described in this Brochure.

“Program Fee” is the fixed, asset-based annualized fee charged monthly as described in the “Program Fee” section of this Brochure and the Client Agreement.

“Program Website” means [merrilledge.com/guided-investing](http://merrilledge.com/guided-investing).

“Prospectus” means the prospectus and other offering materials and disclosure documents relating to an ETF.

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

“Related Company” means a company that is an Affiliate of the Bank or in which the Bank or an Affiliate of the Bank has a material ownership interest.

“Retirement Account” means 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 U.S. Internal Revenue Code of 1986, as amended. However, a Retirement Account does not include an ERISA Plan, which does not participate in the Program under the terms of this Brochure.

“SEC” means the United States Securities and Exchange Commission.

“Services” means the services provided through the Program and described in this Brochure.

“Strategy” means one or more investment styles or disciplines available through the Program that may include specific asset classes or asset types and which are implemented through investment in a portfolio of ETF securities and cash representing one or more asset classes and constructed and managed to achieve the relevant investment styles or disciplines.

“Target Asset Allocation” means a recommended allocation of assets in an Account across one or more asset classes.

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

“U.S. Trust” means U.S. Trust, Bank of America Private Wealth Management, a division of BANA.