

# Merrill Lynch Strategic Portfolio Advisor<sup>®</sup> Service

## WRAP FEE PROGRAM BROCHURE

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
One Bryant Park  
New York, NY 10036  
800.637.7455  
[www.ml.com](http://www.ml.com)

This wrap fee program brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”) relating to the Merrill Lynch Strategic Portfolio Advisor<sup>®</sup> Service. If you have any questions about the contents of this brochure, please contact us at 800-MERRILL (800-637-7455).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training. Additional information about Merrill also is available on the SEC’s website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

The investment 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 a deposit or other obligation of any bank or any affiliate of Merrill; are not endorsed or guaranteed by Bank of America, N.A., Merrill, any bank or any affiliate of Merrill; and involve investment risk, including possible loss of principal.

March 22, 2024

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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## **MATERIAL CHANGES**

On March 20, 2023, MLPF&S filed its last annual update for the Merrill Lynch Strategic Portfolio Advisor Service brochure (Brochure). This summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update or that may be important to them. It also sets forth changes as well as enhancements made in this annual update as well as those made since the 2023 annual update, which were previously communicated.

## **MATERIAL CHANGES AND ENHANCEMENTS MADE AS PART OF THIS ANNUAL UPDATE**

We enhanced our disclosures by providing additional information regarding the treatment of cash balances and the nature of the Cash Sweep Program and about the cash allocation for operational and implementation and/or investment purposes by the Investment Manager. See "Funding and Operation of SPA Accounts—Cash Balances and the Cash Sweep Program;" "Compensation, Conflicts of Interest and Material Relationships—Cash Sweep Program Compensation Received by Us and Our Affiliates;" and "Participation or Interest in Client Transactions."

We have clarified that Accounts that are held at an Affiliated Custodian or an Unrelated Custodian are not eligible to elect periodic trade confirmation delivery for any securities held in an Account and that it is the custodian's responsibility to implement the client's proxy delivery instructions. See "Custodial Arrangements."

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## **MATERIAL CHANGES AND ENHANCED DISCLOSURES MADE SINCE THE LAST ANNUAL UPDATE**

Set forth below are material changes and enhancements that have been already made to the Brochure since the last annual update in March 2023:

### **MAY 19, 2023 BROCHURE UPDATE**

#### ***Material Changes and Enhancements:***

- We updated "Additional Information" at the section "Disciplinary Information" as follows: "On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a markup or markdown on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714."

### **OCTOBER 27, 2023 BROCHURE UPDATE**

#### ***Material Changes and Enhancements:***

- We enhanced our disclosure in the section "Compensation, Conflicts of Interest and Material Relationships—Compensation and Benefits to Merrill and Financial Advisors—Compensation under Referral Programs and Recruiting Programs" about the recruiting arrangements we may make to point out that recruited Financial Advisors are eligible for future bonus payments based on the assets that transfer to Merrill, including from the Financial Advisor's prior firm and to highlight that this feature of our arrangements creates a conflict of interest.

### **JANUARY 5, 2024 BROCHURE UPDATE**

#### ***Material Changes and Enhancements:***

- We made changes to the presentation of conflicts of interest in the section "Compensation, Conflicts of Interest and Material Relationships—Compensation and Benefits to Merrill and Financial Advisors—Compensation Approach for Advisors" relating to financial advisor compensation to describe the current incentive compensation award criteria that are based on meeting growth targets from the prior year in assets and liabilities and in new household as well as to the movement of client assets into specific types of programs and services.
- We modified our policies to provide that participating Third-Party Firms can reimburse Merrill for the eligible costs of training and educational seminars and meetings for Financial Advisors and clients and related to business meals as disclosed in the section "Compensation, Conflicts of Interest and Material Relationships—Third-Party Firm Business Relationships and Support."

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## SERVICES, FEES AND COMPENSATION

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S” or “Merrill”) offers investment advisory services under the Merrill Lynch Strategic Portfolio Advisor (“SPA” or the “Program”) as discussed in this Brochure. MLPF&S is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser and as a broker dealer. Merrill is an indirect wholly-owned subsidiary of Bank of America Corporation (“BofA Corp.”). BofA Corp., through Bank of America, N.A. (“BANA”), BofA Securities, Inc. (“BofAS”) and other Affiliates, provides integrated investment services and is a leading banking institution for consumers, corporations and institutions. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary. As used in this Brochure, “you” and “your” refer to the client. “We,” “us,” “our” and “MLPF&S” refer to Merrill.

### DESCRIPTION OF SPA

This Brochure relates to the Merrill Lynch Strategic Portfolio Advisor® Service, an investment advisory service offered by Merrill. For an annual asset-based fee, SPA clients receive (except as otherwise indicated) manager identification services, Merrill execution, Merrill custodial services, and other account-related services, as well as periodic performance reports. The manager identification service offers clients the opportunity to select one or more investment styles or disciplines or combinations of investment styles and disciplines (“Strategies”) offered by Investment Managers participating in SPA.

In addition to these services, we provide assistance with Institutional Performance Reporting (which we also refer to as a “Legacy Elective Service”); however, Institutional Performance Reporting is no longer available for new clients enrolling into SPA. Clients that have previously chosen to enroll in Institutional Performance Reporting will continue to receive that Legacy Elective Service (unless discontinued by us).

We want you to know a few things upfront about SPA, including:

- You enter into a Client Agreement with Merrill for the services you receive from us.
- As described in greater detail below, you agree to pay Merrill an annual asset-based fee (“SPA Fee”) for your Account.
- The SPA Fee is based on the totality of the services that you select, including the Legacy Elective Service.
- The SPA Fee is negotiable depending upon a number of factors.
- You will need to enter into a separate agreement with your selected Investment Manager.
- Your Investment Manager will charge you a separate management fee for its services.
- Your Investment Manager is exclusively responsible for the management of your assets.

The scope of any investment advisory relationship we have with you is defined in the Client Agreement you sign for SPA. When you are enrolled in SPA, we act as your investment adviser only for your Account and not any other assets or accounts, unless otherwise separately agreed to by us in writing. Our SPA advisory relationship begins when we enter into the Client Agreement with you, which occurs on the later of the date of acceptance of the signed Client Agreement by us or the date you have contributed assets in the Account. Preliminary discussions or recommendations before we enter into the Client Agreement with you are not intended as investment advice and should not be relied on as such.

Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. Our relationship, legal duties and capacities to you under federal securities laws are subject to a number of important differences which are described in our [Client Relationship Summary](#) on Form CRS (Form CRS) and in the [Summary of Programs and Services](#), both of which are available at [ml.com/relationships](http://ml.com/relationships) or upon request. In addition, these documents provide a summary of the other available investment advisory programs we offer. Certain aspects of these investment advisory programs are similar to the Services available in the Program. Please refer to the section “Ability to Obtain Certain Services Separately and for Different Fees.”

### MANAGER IDENTIFICATION SERVICE

Based on your responses to the Profiling Questionnaire, your Financial Advisor will assist you with your selection of an Investment Manager and Strategy. If you select a Strategy from the Coverage List, or the Strategy is available in the MLIAP at the time of your enrollment in SPA, we will provide ongoing due diligence on such Investment Manager(s)/ Strategy. If an Investment Manager or Strategy is removed from the Coverage List, we will no longer perform ongoing due diligence. We do not perform due diligence on any other strategy or Investment Manager other than those on the Coverage List or those that are available in the MLIAP.

Manager identification services are completed upon the presentation of the Investment Managers referred to above. It is your responsibility to select and/or retain any of the Investment Managers presented and to negotiate the terms of any Investment Manager agreement. The Investment Manager's fee is not included in the SPA Fee. Thereafter, new manager identification service recommendations will only be prepared upon your specific request.

Moreover, the methodology used by an Investment Manager to select and aggregate accounts for performance reporting purposes (*i.e.*, the development of the Investment Manager's composite), as well as the calculation of performance results reported by each Investment Manager for its composite and its underlying accounts, may not have been created or calculated on a uniform or consistent basis from manager to manager. Further, performance information provided by the Investment Manager or obtained from third-party sources may include data pertaining to types of accounts that are different from the type of account you are interested in having managed. We encourage you to evaluate this performance data carefully and to consider all relevant factors in selecting or retaining one or more Investment Managers.

Manager identification services do not present information on all of the Investment Managers that might be appropriate for you. In compiling a list of Investment Manager candidates, we are limited by the scope of databases used and other practical considerations and may exclude firms viewed as direct competitors. In addition, given our diversified financial services business, we and our Financial Advisors have relationships or dealings with, and receive direct or indirect compensation or other benefits from, Investment Managers presented to you with manager identification services. Certain Investment Managers participating in the SPA service are also available for your selection in other of our investment advisory programs.

For a description of the manager identification services offered as part of the Program, see the section "Portfolio Manager Selection and Evaluation—Review of Covered Strategies Participating in SPA and Manager Identification Services."

### MERRILL PERFORMANCE REPORTS

We assist you in monitoring and evaluating the performance of your investment accounts by providing periodic performance reports containing returns and other statistical performance analyses. In consultation with a Financial Advisor, you can customize the performance report by choosing specific indexes and other benchmarks for portfolio comparison purposes, and you can select the level of report detail that meets your needs. Account returns are compared with the returns of selected market indexes and other professionally managed investment accounts. Performance reports provide an attribution analysis of the effect on performance of the Investment Manager's securities selections and asset allocation decisions. An assessment of the risk taken to achieve the returns is also presented. You should use the report to evaluate your Investment Manager and its progress towards selected goals. Your Financial Advisor will be available to assist you in understanding the format and content of the performance report, which includes graphic and tabular presentations of performance.

The principal source of information for the performance report is data from us unless the Account has an Unrelated Custodian or Affiliated Custodian. If you decide to use an Unrelated or Affiliated Custodian, the source of the information for the report is that custodian. We also use outside information sources including computer and data analysis firms. This information is obtained from sources believed to be reliable, but reliability cannot be guaranteed. The inclusion of any particular securities in the performance report does not constitute a recommendation or advice with regard to suitability or the appropriateness of continued investment.

In connection with the information contained in the performance report, you should note that:

- Changes in Account valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns.

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- Account returns will be shown both before and after the deduction of investment advisory fees depending on the report selected (when such advisory fees are provided to Merrill for inclusion in the performance report).
- When your assets are maintained by an Unrelated Custodian or an Affiliated Custodian, we will rely upon the data supplied by the custodian in preparing the performance report. We are not responsible for the accuracy of this data. When special circumstances come to our attention, we reserve the right to make adjustments which, in our judgment, would more accurately reflect the value of securities held in, and the performance of, a particular Account.

When making performance comparisons, you should note that:

- Differences in transaction costs among accounts will affect account comparisons.
- The market indexes shown in the performance report do not include transaction costs. If available, an actual investment in these indexes, or in the securities comprising the indexes, would require an investor to incur transaction costs and performance would be reduced by such costs and their compounded effect.
- Performance information from third-party sources (e.g., an Uncovered Investment Manager) may differ from that shown in the performance report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income or different accounting procedures. For example, infrequently traded fixed-income securities may be priced according to yields calculated on a matrix system, which varies among pricing sources. As another example, if sufficient data is available, the performance reports are prepared on a trade date basis, and their performance information may differ from reports prepared on a settlement date or other basis.

**Institutional Performance Reporting.** Institutional Performance Reporting is no longer available for new clients enrolling into SPA. Clients that have previously elected Institutional Reporting (prior to March 27, 2017) will continue to receive those services. Institutional Performance Reporting is more in-depth performance reporting that is a Legacy Elective Service. The report details the portfolio's performance, how that performance was achieved and the factors primarily responsible for it. The report also presents monthly cash flows and portfolio valuations, current asset allocations, returns compared to the market indexes and other benchmarks, risk analysis, and analysis to help identify how much of the portfolio's performance can be attributed to management decisions rather than to market conditions, asset allocations or other factors.

The Institutional Performance Report ("IPR") is provided for performance measurement purposes only. The principal source of information for the IPR is data from your custodian. We also use outside information sources including computer and data analysis firms. This information is obtained from sources believed to be reliable, but reliability cannot be guaranteed. The inclusion of any particular securities in the IPR does not constitute a recommendation or advice with regard to suitability or the appropriateness of continued investment.

The IPR provides important information about your Account(s), market indices, goals and risk level. The return information for the account(s), market indices and return comparison charts reflect time-weighted rates of return unless the returns are labeled "Internal Rate of Return". Time-weighted rates of return should be used to judge the performance of the selected Investment Manager(s) and the Internal Rate of Return should be used to assess overall growth and accumulation of wealth. Both return calculations reflect transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income. Partial month index returns are not available. The treatment of fees is discussed below.

In connection with the information in the IPR, such as the comparisons of the returns of an IPR client's portfolio with those of the selected market indexes and other professionally managed portfolios, it should be noted that:

- Changes in portfolio valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns.
- Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds of a sale of a security.
- Portfolio returns are shown before the deduction of investment advisory fees. Investment advisory fees (when reported to Merrill) are treated as a portfolio withdrawal rather than as a reduction in income and therefore do not reduce returns (unless the client requests that these fees be treated as a reduction in income).



- When client assets are maintained by an Unrelated Custodian or Affiliated Custodian, Merrill will rely upon the data supplied by the custodian or third-party manager in preparing the IPR. Merrill is not responsible for the accuracy of this data. When special circumstances come to its attention, Merrill reserves the right to make adjustments which, in its judgment, would more accurately reflect the value of securities held in, and the performance of, a particular portfolio.

Pricing of securities is provided in the IPR for your information. Your Merrill account statement or the account statements provided by other custodians (*i.e.*, an Affiliated Custodian or an Unrelated Custodian) reflect your official record of holdings, balances, and security values. Unless otherwise indicated, values reflect current information as of the date shown at the top of each IPR. The valuation of alternative investments is prepared based upon information from third-party sources. The information in the IPR has not been verified, cannot be guaranteed, may include estimates and may be subject to revision.

If an Account has been managed by more than one Investment Manager, the manager name in the IPR reflects the current manager. However, the return and standard deviation information may be calculated using the entire history of each Account. Note that the IPR may also include information regarding Account(s) that are not managed by an investment manager (*i.e.*, where you make the investment decisions).

### IMPORTANT CLIENT RESPONSIBILITIES

As with any investment advisory program, different parties have different responsibilities and it is important for you to understand what you and your Investment Manager are responsible for (as opposed to what we are responsible for). You are responsible for:

- **Providing accurate and complete information.** As part of the Program, we ask you to complete a Profiling Questionnaire or other form that elicits various types of information. You are responsible for providing accurate and complete information and, if you do not, it could significantly affect the services that we provide.
- **Notifying your Financial Advisor and Investment Manager of certain material changes.** You must notify your Financial Advisor promptly of any material change in financial circumstances, investment objectives, or investment restrictions (if any) that may affect the services your Financial Advisor provides to the Account in SPA. We will periodically notify you to emphasize the need to report such information. Because the management of your Account is your Investment Manager's responsibility and not ours, you must provide any such updated information directly to your Investment Manager. We and your Financial Advisor do not have any obligation to communicate such information to your Investment Manager.
- **Selecting your Investment Manager and Strategy.** As discussed under "Portfolio Manager Selection and Evaluation—Review of Covered Strategies Participating in SPA and Manager Identification Services", through the SPA program, we will identify and present Strategies for your consideration. We provide you with data and other materials to assist you in your Investment Manager and Strategy selection. You should review all these materials carefully before taking appropriate action. Upon selection, the Investment Managers have exclusive discretionary authority over the Accounts that they manage.
- **Notifying your Investment Manager of additions, or withdrawals, of assets to/from your Account.** You have the responsibility to notify your Investment Manager promptly with respect to any addition, or withdrawal, of assets to/from your Account maintained at Merrill, an Affiliated Custodian or an Unrelated Custodian.
- **Avoiding conflicting instructions.** You have the responsibility to avoid providing conflicting instructions to us and your Investment Manager.

As a result, we do not assume responsibility for your:

- Choice of Investment Manager and Strategy.
- Investment Manager's and Strategy's investment performance.
- Investment Manager's adherence to your objectives and restrictions.
- Investment Manager's compliance with applicable laws or regulations, or other matters within your Investment Manager's control.

Similarly, we do not monitor transactions directed by the Investment Managers for compliance with any applicable restrictions or requirements, even where we execute the transactions. You always retain the final authority, obligation and responsibility for making your own determinations regarding the selection and retention of an Investment Manager as well as the monitoring of your Accounts.

### **MARGIN, UNCOVERED OPTIONS AND SHORT SALES STRATEGIES**

In certain circumstances, your Investment Manager may employ margin, write uncovered options and/or sell securities short (collectively, "Options and Margin Strategies"). As disclosed in the securities account documentation you execute allowing the use of margin in your Account ("Margin Agreement"), if your Investment Manager uses margin to purchase securities, the collateral for the margin debt will be the assets in your Account and other accounts at Merrill. You should read this documentation carefully. If the securities in a margin account decline in value, so does the value of the collateral supporting the margin loan, and, as a result we can take actions, such as issuing a margin call or selling securities or other assets maintained at Merrill in order to maintain the required equity in the account.

Overall, margin increases the risk of losses you would sustain, as compared to an unleveraged Account, in declining markets that negatively affect the value of securities bought on margin. You assume full responsibility for your Investment Manager using margin to buy securities. If you determine that you no longer want your Investment Manager to use margin in your Account, you are responsible for notifying your Investment Manager of such determination. We are not responsible for any losses resulting from your Investment Manager's failure or delay in implementing such instructions. You may also discontinue use of margin in your Account according to the terms of the Margin Agreement. If you terminate the Margin Agreement, you are responsible for notifying your Investment Manager of such termination. We are not responsible for notifying your Investment Manager of the termination of the Margin Agreement or for any losses resulting from your failure to so notify your Investment Manager.

In certain circumstances, your Investment Manager may write uncovered options and sell stock short in your Account. If you permit your Investment Manager to write uncovered options, you will be exposed to potentially significant losses. For a call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other contract remedies are pursued. For a put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price. If your Investment Manager writes combination or straddle options (where your Investment Manager writes both a put and a call option on the same underlying instrument), your potential risk of loss is unlimited. Further, if a secondary market in options were to become unavailable, your Investment Manager could not engage in a closing transaction and you would remain obligated until expiration or assignment. To engage in options transactions, you need to execute an option account agreement and, under the terms of that agreement, if you do not meet applicable margin payment requirements, we may liquidate stock, options or other account positions in your Account, with little or no prior notice to you.

Selling stock short raises similar risks as writing uncovered call options and you will assume similar risks of loss. The costs, risks and other features and conditions of margin and short sales are more fully described in the brokerage documentation authorizing the use of Options and Margin Strategies in your Account.

### **REASONABLE INVESTMENT RESTRICTIONS**

You may impose reasonable investment restrictions on your Account, but you must communicate such restrictions directly to your Investment Manager. It is your responsibility to monitor such investment restrictions, review such investment restrictions with your Investment Manager, and advise the Investment Manager of any discrepancies or modifications to such restrictions. You should understand that your Investment Manager, not Merrill, will be responsible for complying with your restrictions, if any, and we and your Financial Advisor shall not be responsible for communicating, implementing or monitoring your restrictions. For more information on investment restrictions, please see the section Risk and Tax Disclosure below. If you have selected to restrict investments in your Account, you accept any effect such restrictions may have on the investment performance and/or diversification of the Account.

### **FUNDING AND OPERATION OF SPA ACCOUNTS**

**Funding Accounts.** A Client request to enroll in the Program is not considered a market order due to the requirements for enrollment which includes funding as well as the administrative processing time needed to implement enrollment



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instructions. We will initiate Services for new Accounts after your execution of any required Account documentation, approvals and funding of the Account and expect such enrollment to occur promptly.

There is typically a short delay between Account inception and initial investment transactions. Until we initiate Program services with respect a new Account, your assets will be held in a brokerage Account for which you will be solely responsible for making any investment decisions with respect to the assets. During such time, we will not act as an investment adviser with respect to the assets.

You may fund your Account by depositing cash and/or securities acceptable to us. We may determine in our sole discretion that certain assets are ineligible for the Program or otherwise unacceptable. Failure to comply with a request to transfer such assets out of an Account enrolled in the Program will result in that Account's termination from the Program. Upon enrollment in the Program, you acknowledge and direct that any "good-til-cancelled", "good-til-date" or "day limit" orders for equity securities that have not been executed be cancelled.

You should consider all relevant factors before you fund (either initially or otherwise) your Account with mutual fund shares or other securities, including that:

- Your Investment Manager generally cannot purchase additional shares of any mutual fund in your Account (as described below), though your Investment Manager may sell them from your Account.
- If you fund your Account with mutual fund shares, we will (except in certain limited circumstances) request that such shares be liquidated or transferred from your Account. If they are not liquidated or transferred within a limited period of time after being requested to do so, your Account will be removed from the Program. During the period of time that such contributed mutual fund shares are in your Account, we will consider such assets to be ineligible for the Program and, accordingly, they will not ultimately be subject to the SPA Fee. See "The SPA Fee—Calculation of Account Fees; Ineligible Assets" for more information. In all cases, we will not exchange any mutual fund holdings in your Account to other share classes. Accordingly, you should not assume that these contributed mutual fund shares are the mutual fund share class with the lowest possible expense ratio that the mutual fund provider makes available to the investing public.
- You may have paid a front-end sales charge or may be subject to CDSC or redemption fees.
- Such sales charges and fees, if applicable, will remain your responsibility and will be in addition to your SPA Fee.

Clients should understand that upon their account enrollment in SPA, the following services will not be available for that Account: Checks, Visa® debit cards, web bill pay, online client orders, and systematic withdrawal services such as Move Money®/funds transfer disbursements. Similarly, the enrollment of an account in AIPS will be suspended during your participation in SPA, except to the extent that you have authorized the automatic transfer of cash into the Account. Additional assets contributed through AIPS will be invested at your Investment Manager's discretion.

**Cash Balances and the Cash Sweep Program.** At times, your Account will have an allocation to cash based on the Strategy selected, the asset allocation and investment determinations your Investment Manager (which may be an Investment Manager that is an Affiliate of Merrill ("Related Manager") has made. The allocation can result from your Investment Manager's decision to keep a cash balance for operational and/or investment purposes as part of the investment strategy and is based on a number of factors, including the nature of the investment strategy being implemented, the types of investments being purchased for the strategy and the circumstances relating to the trading for those securities, market conditions as well as for trade execution facilitation, meeting operational contingencies and having funds available to pay the SPA Fee without generating trade activity in the Account. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocation may comprise all or a substantial portion of your Account assets invested in a particular Strategy based on, for example, concerns about the market or a decision to pursue a defensive investment strategy.

Unless your Investment Manager directs that your Account's cash allocation be invested in a cash alternative investment like a money market fund, your Account's cash allocation will be treated as a cash balance in your Account. Any cash balances will automatically be "swept" with your consent in accordance with the terms of your underlying Merrill brokerage account agreement ("the Cash Sweep Program"). The available automatic cash sweep options under the Cash Sweep Program vary based on the Merrill account type and other criteria. Not all Merrill account types have the same cash sweep option. Except as described below for certain qualified retirement plan account types and trust management accounts, the only automatic cash sweep option currently available for Merrill account types eligible for enrollment in the

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Program is the Merrill Lynch Bank Deposit Program (“MLBD Program”) and, for retirement accounts, the Retirement Asset Savings Program (“RASP”). These programs provide for an automatic sweep of cash balances to bank deposits with BANA and other banks affiliated with us (“Bank Affiliates”).

For certain qualified retirement plan account types enrolled in the Program, the accountholder selects either: (1) the MLBD Program; (2) the Insured Savings Account Program (“ISA”), a bank deposit program with our Bank Affiliates and unaffiliated banks; and (3) certain money market mutual funds (“money market funds”). Certain other Merrill account types for qualified retirement plans have the automatic cash sweep option of a money market mutual fund only. The trust management account type (“TMA”) over which BANA provides various investment and trust-related services has its own automatic sweep options which include bank deposits at Bank Affiliates, the ISA Program and certain money market mutual funds. Please refer to your account agreement and related disclosures for additional information regarding the automatic sweep options for your type of account. Not all account types are eligible to enroll in the Program. The [Sweep Program Guide for Merrill Clients](#), which can be found on [mymerrill.com](http://mymerrill.com), provides an overview of the automatic cash sweep options and how they work and a chart of automatic cash sweep options by Merrill account type. Please refer to your trust agreement and/or TMA Brochure for additional information regarding the automatic sweep options for your TMA Account. You can obtain a paper copy of these disclosures from your Financial Advisor. The [current rates and yields](#) are available at [mymerrill.com](http://mymerrill.com) or from your Financial Advisor.

You also have the option to select the “no sweep” option. The “no sweep” option is not available to Retirement Accounts. Cash balances maintained in Accounts with a custodian other than Merrill will not be subject to these sweep arrangements or options. If you have elected the “no sweep” option for the cash balances held in your underlying Merrill securities account, the cash balances in your Account will remain in your Account and will not be swept. If you make this selection, you will not earn interest or dividends on cash balances held in your Account and you will be charged the SPA Fee on the cash held in your Account. The cash held in the Account will be covered by the Securities Investor Protection Corporation (“SIPC”) up to \$250,000 per client. As a registered broker-dealer, Merrill benefits from the possession or use of cash balances, also known as free credit balances in Merrill accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934.

Unless you have a specific type of Retirement Account or a TMA Account, the only sweep vehicle currently available to you under the Cash Sweep Program is a bank deposit account at one of our Bank Affiliates. Cash balances swept to a bank deposit account affiliated with the Cash Sweep Program will bear a rate of interest that has been established for, and in light of the features of, the Cash Sweep Program. The rate of interest for such deposit accounts will be periodically set and reset by the Bank Affiliates in their discretion. The rate is variable and may change at any time after the account is opened without notice or limit. Under the MLBD Program and RASP, interest rates are tiered based upon a client’s relationship with Merrill. Accounts that enroll in the Program and in other specified Merrill investment advisory programs receive the highest tier rate available under the Cash Sweep Program. Clients with higher total eligible assets may receive a higher yield on their bank deposits associated with their other Merrill accounts provided their accounts are linked for valuation purposes. For rules regarding linking, please see your account agreement. The interest rate you earn in the bank deposit account affiliated with the Cash Sweep Program will likely be lower than yields on certain money market funds and other cash alternatives.

The Account’s cash balance swept to the Cash Sweep Program’s automatic sweep cash options for the MLDB Program and RASP to our Bank Affiliates are insured by the Federal Deposit Insurance Corporation (“FDIC”), up to the applicable standard maximum deposit insurance amount. The cash balances held in those qualified retirement plan Accounts that selected the ISA Program as the cash sweep option are insured by the FDIC up to the applicable standard maximum deposit insurance amount per participating bank (together, “ISA Participating Banks”). To view a list of the depository institutions currently participating in the ISA Program, visit [www.ml.com/ISA](http://www.ml.com/ISA).

The FDIC limit is generally \$250,000 per depositor, per ownership category, per bank. Deposits maintained in different categories of legal ownership (such as individual accounts, joint accounts or certain retirement accounts) are separately insured by the FDIC, up to applicable insurance limits. FDIC insurance covers both principal and credited interest, up to applicable limits. Any deposits maintained with a Bank Affiliate or any ISA Participating Bank in the same account ownership category, whether directly, through other Merrill accounts or through any other intermediary, would be aggregated for FDIC insurance limit purposes.

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The agreements and disclosures that you received in connection with establishing your underlying Merrill brokerage account and the [Sweep Program Guide for Merrill Clients](#) include additional information about FDIC insurance. A paper copy can be obtained from your Advisor or MFSA. For additional information on FDIC insurance, visit [fdic.gov](http://fdic.gov).

**If your total cash balances held at our Bank Affiliates or any ISA Participating Bank in any type of deposit account (whether a direct bank deposit account, a sweep deposit account for cash balances from your Account or any of your brokerage account, or the Preferred Deposit product or any brokered CD of any such bank issuer), exceed the FDIC coverage limits, the amount deposited that is over the applicable standard maximum deposit insurance amount will not be entitled to FDIC coverage.**

Neither the MLBD Program, the RASP or ISA Program manage the deposits for FDIC insurance limit purposes. The MLBD Program, RASP and the ISA Program do not aggregate or limit deposits based on the FDIC limits for the same depositor in the same bank across Merrill accounts. Merrill does not undertake through the Program or the Agreement to provide you notice that cash balances in your Account or Accounts or in any of your brokerage accounts exceeds the FDIC coverage limit for any of our Bank Affiliates or any other Participating Bank. Monitoring FDIC insurance coverage limits is expressly not a Program Service. *Clients are responsible for monitoring the total amount of deposits held at the Bank Affiliates and at any ISA Participating Bank in order to determine the extent of FDIC insurance.*

Under account agreements covering certain retirement accounts, you can select from among money market funds that we have made available as a sweep option. These money market funds have certain internal expenses and costs and also include a 0.40% asset-based administration fee per annum that is paid to Merrill. Merrill rebates the amount of the asset-based administration fee it receives to the clients of these Retirement Accounts with this sweep option. The amount of such rebate may be less than this 0.40% fee in certain rate environments where the fund manager waives or reduces the amount of such fee in order to avoid a negative return on the money market fund. You will bear your proportionate share of such money market fund's fees and expenses including, but not limited to, management fees paid to the fund's Investment Manager or their Affiliates, fees payable to the fund's professional and other service providers, transaction costs and other operating costs. The SPA Fee does not cover or offset any fees and expenses that the money market fund incurs for transactions occurring within the fund itself. Please consult the prospectuses and offering material for the sweep money market funds for more detailed information on the amounts charged.

We have a conflict of interest regarding the use of bank deposits as a cash sweep option because such use benefits Merrill and benefits our Bank Affiliates. See "Compensation, Conflicts of Interest and Material Relationships" at the section "Cash Sweep Program Compensation Received by Us and Our Affiliates." See also "Participation or Interest in Client Transactions—Cash Balances and Cash Sweep Program."

Cash held with a custodian other than MLPF&S is not covered by the Cash Sweep Program and will not be subject to its cash sweep arrangements. You are responsible for separately establishing appropriate sweep arrangements with any such custodian. We will include the cash positions in your Account are included in the value of your Program assets for the calculation of the SPA Fee. Assets held in Accounts with custodian other than MLPF&S are not subject to Merrill's SIPC coverage.

**Closing an Account and/or Terminating the Client Agreement.** The Client Agreement may be terminated at the direction of you or us as described in that agreement. Upon termination, we will refund any prepaid SPA Fee on a pro rata basis as specified in the Client Agreement or as required by law. Termination of the Client Agreement is separate from, and will have no automatic effect on, any agreement entered into between you and your selected Investment Manager(s), nor will it, in any case, affect or preclude the consummation of any transaction initiated prior to termination and the completion of other processes that may be required to terminate the Account. You also have the responsibility to notify your Investment Manager of your decision to terminate the SPA Account or terminate your agreement with your Investment Manager. You further understand that neither Merrill nor your Financial Advisor is responsible for notifying your Investment Manager of your decision to terminate the SPA Account or your agreement with your Investment Manager.

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

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

**Loans and Collateral.** Certain of 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 the securities-based lending Loan Management Account® (“LMA”) and Mortgage 100®/Parent Power® mortgage programs (“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 of us. 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 in this Brochure. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks will 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 investable assets. A collateral call could disrupt your selected Investment Manager’s investment strategy for the Account. You, your Financial Advisor or your selected Investment Manager may not be provided with prior notice of a liquidation of the securities in your pledged Account. You, your Financial Advisor and your selected Investment Manager may not be 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 SPA Fee and result in additional compensation to us, our Affiliate(s) and our Financial Advisors. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with pledging your Account as loan collateral and the potential liquidation of pledged assets.

### TAX MATTERS

You acknowledge that your Investment Manager may sell all or a portion of the securities in your Account, either initially or during the course of your participation in SPA. You are responsible for all tax liabilities arising from these transactions. We and your Financial Advisor will not offer tax advice to you on these or any other issues. You also are responsible for all tax and tax-return filing obligations arising from all transactions in your Account. We are not responsible for attempting to obtain any tax credit or similar item or preparing and filing any legal document on your behalf. You should review all disclosures you receive associated with the investments held in and transactions occurring within your Account with a qualified tax professional. We do not, and will not, offer tax advice to you and you need to rely on such qualified tax professional in all instances for tax advice.

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

**Special Risks and Limitations Associated with TEM Manager Strategies.** You may elect a Strategy for your Account where an objective of the portfolio management investment approach undertaken by the Investment Manager is to opportunistically sell securities that have a loss and invest proceeds in strategy-aligned replacement securities or other tax loss harvesting approaches (a “Direct Indexing/TEM Strategy”). The Investment Manager’s investment decisions and related transaction orders for the Direct Indexing/TEM Strategy may include selling depreciated positions and seeking to

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recognize tax losses to offset your capital gains (and, possibly, ordinary income to a limited extent), recognizing capital gains to seek to offset any recognized losses, selling the highest cost securities first, seeking to avoid the wash sale rules and/or other tax harvesting actions. There are risks and limitations associated with Direct Indexing/TEM Strategies and these limitations may result in tax-inefficient trades and wash sales.

*You should consult your tax and/or legal advisor prior to enrolling in any Direct Indexing/TEM Strategy, as well as on an ongoing basis to determine whether the wash sale rules, the straddle rules, or other special tax rules could apply to your trading activity.*

Generally, under the wash sale rules, if you sell a security for a loss and you repurchase the same (or a substantially identical) security either 30 days before or 30 days after the date of sale, the loss is disallowed. In addition, other tax treatment rules, such as the straddle rules, may disallow losses. There is little authority governing whether an ETF replacement security is “substantially identical” to another ETF security for purposes of the wash sale rules. As such, no assurances can be provided that if an Investment Manager chooses an ETF as a replacement security to the sold security, the replacement security will not be deemed “substantially identical” for purposes of the wash sale rules.

**It is important to note that Direct Indexing/TEM Strategies apply on a per-Account basis only and only to the Account that has selected the particular Direct Indexing/TEM Strategy.** Please note, however, that the wash sale rules apply to securities transactions in not only that Account but also to securities transactions in all other accounts held by you, your spouse and certain entities controlled by you and your spouse. The accounts covered under the wash sale rules include all taxable accounts and retirement accounts held at Merrill or an Affiliate that are brokerage accounts and/or accounts enrolled in investment advisory programs, and all securities accounts of any type held with third parties in each case, held by you, your spouse and certain entities controlled by you and your spouse (collectively, “securities accounts”). The Direct Indexing/TEM Strategy will not take into account trading activity in any of these other securities accounts.

The sale of a security for a loss in an Account enrolled in a Direct Indexing/TEM Strategy will not generate a loss for tax purposes if the security was part of a wash sale or straddle as a result of trading activity or securities in any other of your securities accounts. In addition, the purchase of a replacement security in an Account enrolled in a Direct Indexing/TEM Strategy may give rise to a wash sale with respect to a security or position in any of your securities accounts (including those of your spouse and certain of your spouse’s controlled entities). Similarly, other trades executed in any securities account may also result in a wash sale in the Account enrolled in a Direct Indexing/TEM Strategy.

In applying a Direct Indexing/TEM Strategy to an Account that includes selling securities and investing in strategy-aligned replacements, the performance of any replacement security selected will not be the same as that of the security sold and, in fact, the replacement security may perform worse than the security sold. Any tax-related benefits that result from a Direct Indexing/TEM Strategy may be negated or outweighed by investment losses and/or missed gains (realized and unrealized) that also may result.

An Account that enrolls in a Direct Indexing/TEM Strategy will generally trade more frequently than an account which has not selected a Direct Indexing/TEM Strategy. There are implicit trading opportunity costs associated with the additional turnover which may affect the returns on your Account. Direct Indexing/TEM Strategies may not be appropriate for your financial situation. If you are taxed at lower aggregate marginal income tax rates, you may be less likely to benefit from the Direct Indexing/TEM Strategies than would an investor taxed at higher aggregate marginal income tax rates. Because you may use capital losses only to offset certain amounts of capital gains that you might have, and possibly, to a limited extent, ordinary income, if you have net capital losses in excess of the applicable threshold, you may not realize as many immediate tax benefits through the application of a Direct Indexing/TEM Strategy to your Account.

*It is your obligation to monitor transactions across all of your accounts to identify any wash sales or straddles and for all tax liabilities attributable to the disallowance of any losses pursuant to the wash sale rules or of any deferral under the straddle rules.*

Merrill cannot provide any assurances that losses will not be disallowed pursuant to the wash sale rules or deferred under the straddle rules. If you elect to enroll in a Direct Indexing/TEM Strategy, you should consider receiving trade-by-trade confirmations (rather than receiving trade confirmations on a periodic basis), monitoring those confirmations, and, to



the extent any security is sold for a loss, refraining from acquiring the same (or a substantially identical) security in your Account or any of your securities accounts. Despite this, it is possible that you may still be subject to the wash sale or straddle rules in any given tax year.

### **CUSTODIAL ARRANGEMENTS**

Generally, Merrill will act as the custodian for the assets held in your Account. Assets will be maintained in one or more central asset accounts established at Merrill through the applicable securities account. Pursuant to the Client Agreement, you have agreed to execute the applicable documentation for such accounts.

In limited circumstances, upon your request and direction and with our consent, you may enter into arrangements for your assets in the Program to be maintained with (1) certain of our Affiliates for that Affiliate to act as a custodian (an "Affiliated Custodian") or (2) a custodian that is not affiliated with Merrill (an "Unrelated Custodian"). Unless otherwise agreed with such custodian, you will pay a separate fee for these arrangements on terms agreed upon by you with such custodian. Our rights and authority respecting your assets enrolled in the Program, including as to transfers of assets held with the Affiliated Custodian or the Unrelated Custodian, are limited to those set forth in the Client Agreement, regardless of any separate agreements or arrangements you may have or may enter into with any such Custodian. We disclaim any broader rights that may be contained in your separate agreement with the Affiliated Custodian or Unrelated Custodian.

You will be responsible for all fees and expenses charged by an Affiliated Custodian or an Unrelated Custodian subject to applicable law and the custodial arrangements you agree to. These fees and expenses are not covered by the SPA Fee. Cash held with an Affiliated Custodian or an Unrelated Custodian will not be subject to the same sweep arrangements you have with Merrill acting as the custodian, but we will include such cash positions in the value of your Account for the calculation of the SPA Fee. You are responsible for separately establishing appropriate sweep arrangements with the Affiliated Custodian or Unrelated Custodian. Assets held in Accounts with an Affiliated Custodian and the Unrelated Custodian are not subject to Merrill's SIPC coverage. It is the responsibility of the Affiliated Custodian or an Unrelated Custodian to implement your proxy delivery instructions. Accounts that are custodied with an Affiliated Custodian or an Unrelated Custodian are not eligible to elect periodic trade confirmation delivery.

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

Furthermore, the performance reports we provide for your Account will be based upon information provided by the Affiliated Custodian or Unrelated Custodian, which we will use for purposes of calculating the SPA Fee. We are not responsible for verifying the accuracy of such information or any losses or errors by an Affiliated Custodian or Unrelated Custodian with respect to your Account. You have agreed to promptly notify your Investment Manager with respect to any additions or withdrawals of assets to your Account maintained at the Affiliated Custodian or Unrelated Custodian and have agreed that we will not be responsible or liable for any losses due to your failure to provide such prompt notification.

Any assets held in your Account must be free from any lien, charge or other encumbrance (other than a lien, charge or other encumbrance in favor of us or our affiliates). Such assets must remain so, unless you notify us and we agree. You must notify us in writing prior to effecting loans secured by securities in your Account (including loans by our affiliates) as described below (commonly referred to as "collateralizing"). You understand that we will not provide advice on or oversee any of your collateral arrangements. 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 Account must be held as collateral to secure your loan. You should be aware of the adverse effects of collateralizing Accounts, including, but not limited to, the fact that the lending institution may require additional collateral or liquidation of securities held in your Account 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.



### TRADING IN SPA ACCOUNTS

Your trades are generally placed by, and are the responsibility of, the Investment Manager, including any Related Manager you choose. By executing an agreement with the Investment Manager and by executing the SPA Agreement, you have granted the discretionary authority to the Investment Manager to determine (subject to your investment objectives and constraints) the securities to be bought or sold on your behalf, the amount of such securities, and the brokers or dealers to be used in such transactions. The Investment Manager you select is obligated, absent your direction to the contrary, to effect transactions with or through those brokers or dealers that, in the Investment Manager's view, are capable of providing best price and execution of orders for your benefit.

The Investment Manager has the authority to place orders for transactions with broker-dealers that it selects, including with us or any of our Affiliates that act as a trade counterparty (an "Affiliated Trade Counterparty") and with broker dealers that are not Merrill or one of its Affiliates ("Unaffiliated Trade Counterparty"). The Investment Manager is able to transact with us or an Affiliated Trade Counterparty on a principal basis when permitted by law. They may place trades for purchases of securities in underwritten offerings with any of our Affiliates or with an Unaffiliated Trade Counterparty under which certain underwriting compensation is earned by BofAS or any of our Affiliates or by the Unaffiliated Trade Counterparty. When these transactions are effected on a principal basis, we will receive additional compensation. When an Investment Manager places a trade order with an Affiliated Trade Counterparty for the purchase or sale of fixed income or other securities where dealer spread charges are imposed, the dealer spread charges (that are part of the net price of the security) will be in addition to your SPA Fee. These dealer spread charges will not be listed in your trade confirmation or account statement; however, upon written request, we will undertake to obtain the amount of these charges for a given transaction in your Account.

If the Investment Manager determines to execute a purchase or sale of any security for your Account through an Unaffiliated Trade Counterparty, any resulting execution charges (*i.e.*, commissions, markups, markdowns, dealer spread charges) will be separately charged to that Account. A transaction that the Investment Manager has placed through an Unaffiliated Trade Counterparty for a particular Investment Manager Strategy is commonly referred to as a "step out" or "step out trade." In selecting a firm to execute transactions and the markets in which the transactions will be executed, the Investment Manager is not obligated to solicit competitive bids for each transaction or seek the lowest available commission cost to you so long as it reasonably believes that the firm it selects can be expected to obtain a "best execution" market price on the particular "step out trade." Each Investment Manager is responsible for ensuring that it complies with its own best execution obligations.

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

The Covered Strategies (*i.e.*, those included on the Coverage List) that we have identified as trading through Unaffiliated Trade Counterparties, either on a regular or a limited basis, are designated in the "SPA Strategy Step Out Information Document." Similarly, Uncovered Strategies that we have identified as trading through Unaffiliated Trade Counterparties, either on a regular or a limited basis, are designated in the "SPA Uncovered Strategy Step Out Information Document". Both documents are available at [mymerrill.com/ADV/materials](http://mymerrill.com/ADV/materials). You can also obtain a copy of these documents upon request from your Financial Advisor. Information in these documents is based solely on the historical information that has been provided by the Investment Managers at their discretion, and we have not independently verified such information. We do not make any representation regarding the future trading practices of any Investment Manager for any Strategy. We recommend that before making a selection of a Strategy, you review the Investment Manager's Form ADV, Part 2A brochure, which contains more detailed information about its brokerage practices.

The potential cost advantage associated with using us to execute trades for your Account is expected to alter the way in which each Investment Manager satisfies its duty to seek best execution. That said, Investment Managers may utilize execution services of broker-dealers other than us. In particular, BANA, a Related Manager, will select broker-dealers other

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than Merrill and the resulting transaction costs will be in addition to the SPA Fee. As of the date of the Brochure, BANA is not on the Coverage List for selection as an Investment Manager.

We and our affiliates will ordinarily act as agent in executing transactions on behalf of SPA clients. Principal transactions may also be effected for SPA clients under the appropriate circumstances as permitted by law. Principal transactions may be subject to a dealer spread (i.e., the difference between the bid and the offer price), which would result in additional compensation or other benefit to us. Transactions in securities customarily traded in dealer markets (such as fixed-income or over-the-counter securities) that are purchased from or sold to broker-dealers other than us may include markups or markdowns by these firms.

In accordance with the instructions of your Investment Manager and your authorization, our execution services (or those of an Affiliated Trade Counterparty) will generally be used for the purchase and sale of securities for SPA, unless you designate another broker-dealer, or applicable law is to the contrary. However, in buying or selling certain securities (particularly those that customarily trade in "dealer markets"), we may, for legal or other reasons, cause such transactions to be effected through a bank, broker or dealer that is not an Affiliated Trade Counterparty. When we select an Unaffiliated Trade Counterparty to execute transactions, we 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 broker-dealer; the ability and willingness of the broker-dealer to facilitate both purchases and sales of securities for client accounts by participating in such transactions for its own account; the firm's clearance and settlement capabilities; and other factors relevant to the selection of a broker-dealer for the execution of your securities transactions.

The SPA Fee does not cover transaction charges or other charges, including markups and markdowns, resulting from trades effected through us or with an Unaffiliated Trade Counterparty. In addition, SPA Fees do not cover transaction and other charges incurred by Funds held in SPA Accounts. Purchases of securities from an underwriter or dealer in a distribution will be effected at the public offering price.

Your transactions are effected by us on the instruction of your selected Investment Manager. Accordingly, it should be understood that, for any and all transactions effected by or through us in a SPA Account at the direction of your Investment Manager, we are acting exclusively as a broker-dealer in relation to such transactions.

We and the SPA Investment Managers 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 persons, 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 share of any fees.

For foreign ordinary security transactions executed outside the United States, we may use the services of a foreign Unaffiliated Investment Firm (or its affiliate). The foreign Unaffiliated Investment Firm (or its affiliate) will handle the order and will assess trading-related charges and costs (i.e., commissions, mark-ups/downs, dealer spreads and other fees and charges) and, to the extent a foreign currency conversion transaction is required, it will be remunerated in the form of a dealer spread or a mark-up/down. These trading-related and currency conversion-related charges and costs are included in the net price of the security and are charges and costs that are in addition to your SPA Fee. In addition, these charges and costs will not be reflected as separate charges on your trade confirmations or account statements. We will undertake, at your written request, to obtain the amount of this remuneration for a given transaction in your Account. We and our Affiliates may effect agency-cross transactions in which we or one of our Affiliates acts as agent for the parties on both sides of the transactions involving SPA or other clients in accordance with applicable law. When effecting such crossing transactions, we or our Affiliates generally receive compensation (the amount of which varies) from each party to such transactions, which is in addition to the fees described herein. While such compensation, in theory, creates a conflicting division of loyalties and responsibilities, transactions involving SPA are directed by your Investment Manager (which could be a Related Manager), and we will be acting solely as a broker-dealer in connection with such trades.

### **PROXY VOTING AND OTHER LEGAL MATTERS**

Unless otherwise designated in the Client Agreement or other writing addressed to us (or another custodian you select), you direct your Investment Manager for each SPA Account to vote the proxies and receive other issuer-related material

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relating to the securities held in the SPA Account, and you represent in the Client Agreement that, under any applicable instruments or governing law, you are authorized to make such direction. To the extent that we are the custodian and voting instructions are not received and as permitted by applicable law, we will comply with the rules and policies of the SEC and applicable self-regulatory organizations, consistent with our role as a non-discretionary custodian.

In addition, we do not advise or act for you regarding any legal matters, including bankruptcies and class actions, pertaining to the securities held in the SPA Account. Unless otherwise agreed, we will send you any documents we receive for client distribution with regard to such matters.

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

### THE SPA FEE

The current fee schedules for SPA, including any Legacy Elective Service that you may have previously selected, are set forth below and apply to each separate SPA Account. Fees for accounts with asset values of \$50 million or greater will be determined by mutual agreement. If you receive any of the separate services described here but determine not to proceed with the SPA service, you are still responsible for paying us for such services on a separate basis under the then-current fee schedule for such service. Note that the SPA Fee do not cover the services of Investment Managers.

Dollar Value of Assets in Each SPA Account	Annual Equity/ Balanced/ Convertible/ REIT Maximum Fee Schedule	Annual Fixed Income Maximum Fee Schedule
Up to \$4,999,999	1.50%	.70%
\$5,000,000 – 9,999,999	1.00%	.60%
\$10,000,000 – 14,999,999	0.85%	.50%
\$15,000,000 – 19,999,999	0.75%	.45%
\$20,000,000 – 24,999,999	0.70%	.40%
\$25,000,000 – 49,999,999	0.60%	.40%
\$50 million or greater	Determined by Mutual Agreement	Determined by Mutual Agreement

The SPA Fee is negotiable subject to the maximum rate that can be charged as outlined above. The fee may differ based on a number of factors including, but not limited to, the:

- Amount of your assets.
- Number and size of related accounts.
- Range and extent of services provided or to be provided to you, including any Legacy Elective Service that you may have previously selected.
- Breadth of your relationship with Merrill.
- The SPA Strategy you selected.
- Competitive considerations.
- The Financial Advisor's own compensation considerations.
- The Financial Advisor assisting you.

Merrill compensates your Financial Advisor on an ongoing basis from, and based on, the SPA Fee rate that is agreed to for your Account. The Financial Advisor has a financial interest in the level of the SPA Fee. Merrill has business and compensation policies that result in Financial Advisors receiving lower compensation if the agreed-upon SPA Fee rate is lower than certain established levels. Therefore, Financial Advisors also have a financial incentive not to reduce fees below those levels. You may accept or decline any proposed rate as part of the negotiation process. For more information

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on Financial Advisor compensation and conflicts of interest, see “Compensation, Conflicts of Interest and Material Relationships—Benefits to Us and Your Financial Advisor from Your Enrollment in the Program.” The SPA Fee rates are subject to change. Upon request, and at no charge, we will provide additional detailed information regarding your SPA Fee. Please contact your Financial Advisor if you would like to receive this more detailed SPA Fee information.

The full amount of the SPA Fee payable under the Client Agreement will be charged in accordance with the terms of the Client Agreement, regardless of the amount of transactions your Investment Manager chooses to effect in your Account.

Depending upon the factors enumerated above, some SPA clients receiving the Legacy Elective Service may pay less than other SPA clients not receiving such service. Moreover, fees and other account requirements vary as a result of prior policies and the date the Account was enrolled in SPA.

Other pricing arrangements, typically involving multiple accounts, products or services, may also be available to certain clients. While clients entering into such arrangements may pay higher fees for any particular component being offered, the pricing arrangements for the entire suite of services and products will generally result either in the same or lower fees in aggregate for all the accounts, products or services provided or for the inclusion of additional products and services.

We may, from time to time, enter into specialized agreements to provide particular or unique services to certain clients, subject to negotiated fees. For more information regarding the above services or any other services that we offer, please contact your Financial Advisor.

**Calculation of Account Fees; Ineligible Assets.** The SPA Fee is payable quarterly in advance based on the estimated value of your Account’s assets as of the last business day of the previous calendar quarter, as determined by us or another custodian holding such assets. Merrill will use a variety of pricing sources in calculating the value of such assets in your Account, including Affiliates. All assets (including cash balances swept under the Cash Sweep Program to a deposit account or a sweep money market fund, depending on your account type and any cash alternatives including money market funds selected by your Investment Manager) are included in the value of your Account for the calculation of the SPA Fee, unless we have deemed that any assets are ineligible for the Program, in which case, such assets would not ultimately be subject to the SPA Fee.

Depending on when such ineligible assets are contributed to, or liquidated or transferred from, the Account, such assets will be either: (i) excluded from the value of your Account for the calculation of the SPA Fee or (ii) included in the Account’s value for that calculation but you will receive a subsequent adjustment for any SPA Fee charged for holding those ineligible assets. See “Funding and Operation of SPA Accounts—Funding Accounts” for a description of certain ineligible assets. In addition, any money market funds that are not held through any relevant cash sweep vehicle applicable to your Account or invested in by the Investment Manager as part of its strategy are considered ineligible assets, and, therefore, are not ultimately subject to the SPA Fee and, similar to the process described above under “Funding and Operation of SPA Accounts—Funding Accounts”, will subject your Account to termination if not timely liquidated or transferred out of your Account. As noted in the section “Account Fees”, the SPA Fee for your Account does not cover the services of Investment Managers, and while Merrill may not consider all Account assets for purposes of your SPA Fee, your Investment Manager may do so for its fee.

For the initial quarter, the SPA Fee is calculated proportionally based upon the number of days left in such quarter from the date our advisory relationship begins, which occurs on the date of acceptance of the signed Client Agreement by us. The initial SPA Fee is based on the estimated value of the Account as of the close of business on the day preceding notification to the Investment Manager to begin managing the SPA Account. You may elect to have SPA Fee paid by debit from the SPA Account, debit from an alternate Merrill account, or through the payment of an invoice.

The account value used for the calculation of fees may differ from that shown on your monthly securities account statement and performance report due to a variety of factors, including trade date or settlement date accounting, the treatment of accrued income, round lot valuation and other considerations. Further, it should be noted that the valuation of client securities reported in the performance report may also be subject to occasional re-pricing in reasonable and appropriate circumstances, but such re-pricing will not affect, or result in the adjustment of, previously calculated SPA Fee.

**Deduction of Account Fees.** As set forth in the Client Agreement, you may authorize us to deduct the SPA Fee from the Account. We also may, for your convenience and if so agreed between you and your Investment Manager, deduct from the

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Account the advisory fee that you have agreed to pay the Investment Manager (“Investment Manager Fee”). We will remit the Investment Manager Fee to the Investment Manager. The Investment Manager Fee will be deducted in addition to, but after, the SPA Fee payable to us. To the extent permitted by law, all assets in the Account or other assets held by Merrill or any Affiliate for you will be subject to a lien for the discharge of your obligation to make timely payment to us, and we may sell assets in the Account to satisfy this lien.

**Other Fees and Expenses.** We want you to know that the SPA Fee does not cover:

- Investment Management Fees you pay to your selected Investment Manager (and set by such manager).
- Commissions, sales charges and other transaction charges resulting from trades effected through or with an Unaffiliated Trade Counterparty.
- Dealer spread charges, markups or markdowns charged by Unaffiliated Trade Counterparties (including on fixed-income or over-the-counter transactions in which we act as agent).
- Dealer spread charges, markups and markdowns imposed by Affiliated Trade Counterparty for purchase and sale of fixed income securities and other securities where a dealer spread charge is imposed.
- Underwriting discounts, selling concessions or other transaction charges with respect to any new issue securities offering that we or our Affiliate may receive in connection with the offering.
- Transfer taxes.
- Margin interest and fees and charges, charged by us or third parties, that are imposed for any securities that are deemed “in demand” and such securities are the subject of an options strategy, long/short strategy or other margin or short-sell strategy, a portion of which may be used to pay your Financial Advisor.
- Fees charged by us, our affiliates or unaffiliated third parties in connection with short-sale transactions.
- Fees, expenses and charges of investment securities that are registered or unregistered investment companies or pooled vehicles held as investments in your Account, which includes a mutual fund, a money market fund, a closed-end fund, an ETF, and real estate investment trusts (“Fund”) and charged by the Fund or by the manager or sponsor of the Fund.
- Exchange, alternative trading system fees, required SEC fees or similar fees (such as for ADRs) charged by third parties, including issuers.
- Electronic fund, wire and other account transfer fees, including any fees or markups charged for foreign currency exchange or conversions relating to transfers or wires to or from your Account, a portion of which may be used to compensate your Financial Advisor.
- Any fees and expenses associated with your use of an Affiliated Custodian or an Unrelated Custodian.
- Commissions and charges for transactions in foreign ordinary securities and dealer spread charges, mark-ups or markdowns in connection with foreign currency conversions, including transactions in foreign ordinary shares or ADRs or foreign currency wire transfers either in or out of your Account.
- Any other charges imposed by law or otherwise agreed to with regard to your Account.

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

If a Strategy invests in Funds, as with any Fund investment, you will bear your proportionate share of such Fund’s fees and expenses including, but not limited to, management fees and performance-based compensation paid to the Fund’s investment managers or their Affiliates, fees payable to the Fund’s professional and other service providers, transaction costs and other operating costs. In addition, any Fund contingent deferred sales charge, redemption or other fees imposed by a Fund manager as a result of your redeeming the Fund (e.g., to invest in a particular Program Strategy) will be separate from, and in addition to, the SPA Fee. The SPA Fee does not cover or offset any fees and expenses that any



Fund incurs for transactions occurring within the Fund itself, including commissions and other transaction-related charges incurred by the Fund, even if we or any Affiliate effect these transactions for the Fund or provide services to the Fund. All of these fees and costs may be material.

As noted above, on trades effected through or with us, we will not charge a commission on agency transactions. On principal transactions effected with us, as permitted by law, we will not charge a markup or markdown from the prevailing market price on a per-transaction basis for our execution services. However, principal transactions may be subject to a dealer spread (i.e., the difference between the bid and the offer price), which results in additional compensation or other benefit to us.

**The SPA Fee does not cover charges (generally the dealer spread) imposed by Unaffiliated Investment Firms on step out trades as dealers, including where MLPF&S or its Affiliates act as agent in executing fixed income or over-the-counter transactions.** Clients for which an Investment Manager places any fixed income, foreign or securities trades on an over-the-counter basis through Unaffiliated Investment Firms will not receive a discount from, or credit against, the SPA Fee for any markup or mark-down imposed by the executing Unaffiliated Investment Firm. Neither the SPA Fee nor the Investment Manager Fee covers these transaction execution costs. See “Trading in SPA Accounts” for more information on step out trades.

Please note that a security that has been purchased in a brokerage or other account at Merrill or its Affiliate or at another investment firm and is moved into SPA, including those purchased in an initial public offering or any primary or secondary new issue offering, will become subject to the SPA Fee immediately. For such purchases, you will have paid an up-front commission or transaction charge and, upon transfer to SPA, you will pay the SPA Fee once the security is held in an Account enrolled in SPA. This means we and your Financial Advisor receive compensation in the form of sales commissions as well as from the ongoing SPA Fee once the security is transferred to an Account.

If your Investment Manager determines to execute a purchase or sale of any security for your Account through a broker or dealer other than us, any resulting execution charges will be separately charged to that Account. These execution charges will be separately charged to your Account and are in addition to the SPA Fee.

**Margin, Uncovered Options and Short Sales Strategies.** SPA Accounts are generally not permitted to effect margin transactions. However, when so permitted, the margin interest you pay on debit balances is not included in the SPA Fee. Financial Advisors will receive additional compensation in such circumstances, unless waived, as well as, in limited cases, from rights or tender offers.

If your Investment Manager utilizes Options and Margin Strategies, you will incur costs in addition to the SPA Fee. Although you will be paid interest on the short market value of any securities sold short in your Account, we will also benefit from these short sale positions. The rate of interest paid to you will be determined by Merrill in its sole discretion and will reflect the retention of compensation by us. In addition, you will be charged fees, as reflected on your Account statements, for any securities that we deem to be “in demand” either at the time your Investment Manager sells such securities short or at any time before the short position is “closed out” by your Investment Manager. Investment Managers that sell securities short will use cash generated from short sales to purchase additional securities, (i.e., leverage). If margin is used by your Investment Manager or if adverse market conditions trigger a margin call, you will pay interest pursuant to the Margin Agreement.

**Loans and Collateral.** If your Account assets are “pledged” or used as collateral, with our consent, in connection with loans obtained through a Lending Program, the costs associated with such a lending arrangement under a Lending Program are not included in the SPA Fees and results in additional compensation to us, our Affiliate(s) and our Financial Advisors.

**Cash Assets.** The SPA Fee will be applied to any cash and eligible cash alternatives held within your Account. This includes (1) cash investments; (2) cash that is treated as a cash balance which is automatically swept into a cash sweep vehicle in accordance with the Cash Sweep Program for your Account; and (3) cash in your Account due to your having chosen the “no sweep option” as provided for in the Merrill securities account agreement. You will experience negative performance on the cash asset holdings in your Account if the fee charged on your cash and any cash alternatives is higher than the return you receive on any cash asset holdings. The SPA Fee is in addition to other compensation that we



and our Affiliates earn on cash that is held for investment purposes and on cash held as part of a cash asset allocation and swept to a cash sweep vehicle in accordance with the Cash Sweep Program.

### **ABILITY TO OBTAIN CERTAIN SERVICES SEPARATELY AND FOR DIFFERENT FEES**

As noted above, you are not obligated to implement any of the recommendations provided through SPA or to trade through SPA. You may be able to obtain some or all of the types of services available through SPA from Merrill and its Affiliates, on a separate or combined basis, subject to certain restrictions, including the type of account for which you are seeking these types of services. Depending upon the factors below, SPA may cost you more or less than purchasing the services separately. You may also be able to obtain some or all of the types of services available through SPA from other firms, and account fees may be higher or lower than the fees charged by other firms for comparable services. It is your responsibility to review the other services or investments available through us and our Affiliates with your Financial Advisor to determine which may be most appropriate for you.

In comparing the account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an advisory or brokerage relationship.
- Your preference for a discretionary or a non-discretionary relationship.
- Your preference for a fee-based or commission-based relationship.
- Your preference for access to a dedicated Financial Advisor.
- The types of investment vehicles and solutions that are available in each program or service and their costs.
- How much trading activity you expect to take place in your Account.
- How much of your assets you expect to be allocated to cash.
- The frequency and type of client-profiling reports, performance reporting and account reviews that are available in each program or service.
- The scope of ancillary services that may be available to you in a brokerage account, but that are not available in an advisory program.

Merrill makes available two other investment advisory programs that provide a client with the ability to receive certain investment advisory services directly from a third-party Investment Manager or an affiliated manager under a separate agreement between the Investment Manager and the client as well as certain limited investment advisory services from Merrill as described in the applicable program brochures. By enrolling into MLIAP and selecting the Premium Access Strategy (“PAS”) option, clients will receive access to discretionary management services and investment strategies of a third-party or affiliated investment manager (a “PAS Manager”) pursuant to a separate contract with the PAS Manager. The client will pay Merrill an asset-based fee based on the value of the assets enrolled in the account and the Merrill Lynch Fee rate, a rate negotiated by the client and the Financial Advisor. The maximum Merrill Lynch Fee rate that can be charged is 1.75%. The client and the PAS Manager also negotiate the PAS Manager rate as part of the client’s separate contract with the PAS Manager. Certain Investment Managers that participate in the SPA program also provide managed investment strategies in MLIAP.

The Managed Accounts Service (“MAS”) program is designed to accommodate a client’s selection of a third-party Investment Manager that is not currently available in a Merrill investment advisory program and is available on an exception basis only where the client or the Financial Advisor has a pre-existing relationship with the MAS manager prior to establishing an account relationship with Merrill.

BANA, our Affiliate, makes available certain of its managed strategies through MLIAP as PAS Style Manager Strategies. These strategies are also available directly through BANA outside of MLIAP. The fee schedules applicable to MLIAP TMA clients and clients with accounts directly through BANA are different from that offered in the Program and can be lower than the Merrill Fee Rate negotiated with an Advisor, as the maximum BANA rate that can be charged is lower than the maximum Merrill Fee Rate that can be charged in MLIAP.

There are important differences among this Program, MLIAP, MAS and a BANA account relationship in terms of the involvement of your Financial Advisor in providing ongoing advice, the services, structure and administration, the depth of research conducted on the Investment Managers available in the programs and the applicable fees. You may request a copy of the ADV program brochures or BANA account materials for these programs by contacting your Financial Advisor.

### ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

**Client Eligibility.** Investors eligible to participate in SPA include, but are not limited to, individuals, trust and estates (to the extent allowed by state law), charitable organizations, banks, corporations, or such other participants as we determine in our discretion and in accordance with applicable law.

**Account Minimums.** The minimum account size for a SPA Account generally is \$2 million, but we, in our discretion, may accept accounts with less than \$2 million. Certain Strategies require minimum investment amounts as reflected in the applicable Profile or other disclosure document. You may fund your Account with cash and/or securities acceptable to us. When funding an Account with securities (or otherwise transferring securities into an Account), however, you should bear in mind that your Investment Manager may decide to sell all or a substantial portion of such securities and that you will be responsible for any tax or other liabilities (such as CDSC on certain classes of mutual fund shares) resulting from such transactions.

**Retirement Accounts.** Effective June 9, 2017, SPA was generally closed to new enrollments by Retirement Accounts. If you are an existing Retirement Account client, you should understand that our services described herein, particularly, the services and related materials of the manager identification services and the performance report (including Institutional Performance Reporting), are provided (in the case of the Legacy Elective Service, only if you previously elected such service) in order to assist plan fiduciaries as they carry out their investment-related responsibilities and are not intended to be a primary basis for decisions related to your Account. Moreover, these services should not substitute for, or diminish the careful deliberation and determination of, those plan fiduciaries, after appropriate consultation with other professional advisers and the review of relevant plan documentation.

### PORTFOLIO MANAGER SELECTION AND EVALUATION

#### REVIEW OF COVERED STRATEGIES AND MANAGER IDENTIFICATION SERVICES

The SPA service assists you with the identification and selection of Investment Managers that may be appropriate based on the criteria you provide (including financial goals and needs) and based on the information obtained from the Investment Managers and/or from Investment Manager databases. We seek to provide clients with access to professional investment advice and to make available a choice of various investment styles and corresponding risk levels. As a general matter, we decide whether to include particular Strategies in SPA (or to remove them from SPA) based on a variety of factors, including client needs, investment styles available in the marketplace, platform capacity, client demand and the outcome of certain reviews conducted by or under the auspices of Merrill, including through our Chief Investment Office ("CIO").

**Initial Review and Selection of Investment Managers; Periodic Reviews.** Initial and periodic reviews of Strategies available for investment in SPA on the Coverage List are performed by product teams through an internal business review. In addition, for those Strategies, we have in place an investment review conducted by or under the auspices of personnel of the CIO, referred to as the "CIO Review Process." The CIO Review Process consists of proprietary processes conducted by the CIO and those processes and reviews provided by third-party reviewers that we have engaged for this purpose. The third-party reviewer services are generally consistent with the multi-factor processes that the CIO deploys but they are not identical. We, through the CIO, have reviewed such third-party reviewers' processes and believe they are reasonable and appropriate in light of the objectives of the Program.

Once we identify a need for a particular investment management strategy, we employ a multi-factor process to review appropriate Strategies to meet this need. These factors may include, but are not limited to: organizational structure and stability of a Strategy; adherence to investment style; evaluation of risk and volatility; investment professional and strategy resources; investment philosophy and process; portfolio construction; performance; and operating and administrative capability.

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Based on these factors and using the information collected, the CIO Review Process involves quantitative and qualitative analysis, some of which may be subjective. Generally no single factor will be determinative. There is no assurance that the CIO Review Process or our internal reviews will identify the best performing Strategies. Please note that there may be particular Strategies that are not reviewed under the CIO Review Process.

Our reviews may involve in-person visits, telephone conference calls, reviews of performance, and updates of certain Investment Manager documents and information. We may also conduct periodic analysis of composite performance to determine whether that performance generally appears to be consistent with that of the Investment Manager. We do not perform audits of Investment Managers to verify past performance information that the Investment Managers provide to us. For each Investment Manager, we will periodically evaluate factors related to the Investment Manager and the Strategy investments, that we deem appropriate. In addition, we may initiate reviews based on various factors determined by us and the CIO to be appropriate, including the level of assets of the Investment Manager Strategy in client accounts at Merrill or an Affiliate, the number or percentage of Merrill or an Affiliate clients in the Strategy and the asset class involved. If we identify concerns regarding a Strategy that we find significant or important, we may choose not to accept any new investments in that Strategy. A drift or variation of the style of management of a particular Strategy from the stated style does not require a removal from our Program offering. Merrill retains the decision-making authority to add or remove a Strategy from the Program, regardless of, or in light of the results of, any review conducted, including through the CIO Review Process.

**Our review of Investment Managers and their Strategies does not substitute for your ongoing monitoring of your Account and the performance of your investments. Please see the section “Client Information Provided to Portfolio Managers” for additional information.**

We encourage you to speak with your Investment Manager to discuss any questions that you may have about existing or potential conflicts of interest relating to your Investment Manager. We note that certain Investment Managers may be Related Managers and your ability to use Related Managers as part of SPA presents conflicts of interest for the Related Manager and us. (As of the date of this Brochure, there are no Related Managers on the Coverage List.) We discuss these conflicts below in the section Related Managers.

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

**Scope Of Obligations Respecting Manager Identification Services.** We will provide ongoing due diligence on an Investment Manager or Strategy from the Coverage List, or if the Strategy is available in the MLIAP at the time of your enrollment in SPA. If an Investment Manager or Strategy is removed from the Coverage List, we will no longer perform ongoing due diligence. We do not perform due diligence on any other strategy or Investment Manager other than those on the Coverage List or those that are available in the MLIAP.

### **SCOPE OF OBLIGATIONS RESPECTING UNCOVERED STRATEGIES**

We make no representation concerning Uncovered Strategies (*i.e.*, Investment Managers retained by you outside of Manager Identification Services or Strategies of Investment Manager(s) that are not on the Coverage List or available in MLIAP). To the extent a Related Manager is on the Coverage List, but is not included in the SPA manager identification services, such Related Manager would not be considered an Uncovered Investment Manager. We do not provide due diligence with respect to Strategies of Uncovered Investment Managers. Similarly, we make no independent determination that any such Investment Manager and its management philosophy are compatible with your investment objectives. As a result, we are not responsible for services rendered, for information provided, or for any recommendations made by an Investment Manager you select outside of manager identification services. We will generally not reduce the SPA Fee even if you do not want manager identification services.

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You should understand that you assume responsibility for monitoring the Uncovered Investment Manager's performance. We will not:

- Perform any ongoing due diligence review with respect to the Uncovered Investment Manager.
- Make any representation concerning the Uncovered Investment Manager's abilities or qualifications as an investment adviser.
- Bear responsibility for the services rendered, for information provided, or for any recommendations made by the Uncovered Investment Manager with respect to the Account.
- Endorse, recommend or otherwise suggest that the Uncovered Investment Manager will make suitable investment decisions for you.
- Undertake to investigate or monitor the suitability of the Uncovered Investment Manager's investment decisions.
- You also should understand that the Uncovered Investment Manager may have certain conflicts of interest, which we, our affiliates and your Financial Advisor may not be aware of and are under no obligation to investigate.

We strongly encourage you to contact your Uncovered Investment Manager on a periodic basis to:

- Discuss your Account and its investment performance.
- Review the Uncovered Investment Manager's philosophy and style of management (so that you may determine the ongoing compatibility of your Investment Manager to your level of risk tolerance).
- Discuss any restrictions you may wish to impose or modify on your Account.
- Request information regarding conflicts of interest between you and the Uncovered Investment Manager.
- Receive a current copy of the Uncovered Investment Manager's Form ADV filing and/or brochure for review.

We also suggest that you periodically check the registration status and other information regarding your Uncovered Investment Manager, including disciplinary events, at the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **ADVISORY SERVICES PROVIDED BY MERRILL AND CERTAIN AFFILIATES**

Investment Managers, which include Related Managers, are exclusively responsible for the management of client assets as described in the section entitled Services, Fees and Compensation.

### **INVESTMENT RISK**

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

You are assuming the risks involved with investing in securities and other investment products, and you could lose all or a portion of the amount you hold in the Program. You should understand:

- Investment performance can never be predicted or guaranteed.
- The values of your Accounts will fluctuate due to market conditions, manager performance and other factors.
- There is no assurance that the performance results of any benchmark or index used in connection with SPA, including those shown on the performance report or our other reports, can be attained.
- All or a portion of your securities may be sold either at the initiation of or during the course of the management of your Accounts. You are responsible for all the tax liabilities arising from these transactions and are encouraged to seek the advice of qualified tax professionals.

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- The purchase and sale of United States securities may have additional adverse tax consequences and risks if you are not a resident of the United States.

**Risks of the Strategy.** By deciding to allow your Investment Manager to manage your assets in the Account in accordance with the selected SPA Strategy, you assume the risks associated with the Investment Manager's investment decisions. Accordingly, if your Investment Manager assembles a concentrated position in the Account, you assume the risk of a substantial loss in value to the entire Account if there is a decline in the concentrated position or industry sector. Similarly, if your Investment Manager effects trades in securities that we do not follow or for which we have a contrary recommendation, you assume the risk associated with this activity. Moreover, if your Investment Manager chooses to make use of margin to effect transactions in an Account, you assume the risk associated with margin transactions, including that losses in the value of an asset purchased on margin are magnified as a result of the use of borrowed money. Generally, we believe that these investment styles add risk to a portfolio that you should not assume unless you are prepared to experience significant losses in the value of your Account. Ultimately, as between you and us, you bear the risk of all of these decisions.

If your Investment Manager uses a Margin Strategy, you assume additional risk, including:

- You can lose more funds than amounts deposited in margin accounts.
- We can force the sale of securities or other assets in your Merrill account(s).
- We can sell your securities and other assets without contacting you.
- You are not entitled to choose which securities or other assets in the Account are to be liquidated or sold to meet margin calls.
- We can increase our "house" maintenance margin requirements at any time without advance written notice.
- You are not entitled to an extension of time on a margin call.
- If a margin call cannot be fully satisfied from assets in your Account or other assets at Merrill, you will remain liable for the outstanding debt.

If your Investment Manager writes uncovered options in your selected Strategy, you assume additional risk, including:

- You will be exposed to potentially significant losses.
- If your Investment Manager writes an uncovered call option, if the value of the underlying instrument increases above the exercise price, you can incur large and unlimited losses until the option expires or other option contract remedies.
- If your Investment Manager writes an uncovered put option, you bear the risk of loss if the value of the underlying instrument declines below the exercise price.
- If your Investment Manager writes combination or straddle options (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited.
- If a secondary market in options were to become unavailable, your Investment Manager could not engage in a closing transaction and you would remain obligated until expiration or assignment.
- In accordance with the option account agreement, if you do not meet applicable margin payment requirements, we may liquidate stock, options or other positions in the Account, with little or no prior notice to you.

Please note that short selling stock has similar risks as those described above regarding writing uncovered call options and you will assume similar risks of loss.

**Effect of Public Health Emergencies.** Public health emergencies, like the recent form of coronavirus, can create adverse impacts on global commercial activity and has contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global COVID-19 pandemic resulted in the implementation of quarantines prohibitions on travel, the closure of offices, businesses, schools, and other public venues, and other restrictive measures. Such measures and the general uncertainty surrounding the dangers and impact of such emergencies, like COVID-19 create significant disruption in supply chains and economic activity and have a particularly adverse impact on a number of industries. While we have established business continuity and risk management systems, the operations of Merrill and its Affiliates may be materially impacted as a result of public health emergencies of the scale like COVID-19.

**Information and Cybersecurity Risks.** With the increased use of technologies to conduct business, like all companies, Merrill, its Affiliates and our service providers are susceptible to operational, information security, and related risks. In general, information and cyber-incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cybersecurity risk represents, among other things, exposure to failures or interruptions of service or breaches of security, including as a result of malicious technological attacks and other unauthorized access to digital systems 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 issuers of securities, the Funds and Fund managers and sponsors, counterparties, 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.

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

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

### **TAILORED INVESTMENT ADVICE**

As described in the section entitled Services, Fees and Compensation, you will enter into a separate agreement with your selected Investment Manager, which may be a Related Manager, for the management of your assets. You may impose reasonable investment restrictions on your Account but you must communicate such restrictions to your Investment Manager.

**Wrap Fee Programs.** Merrill acts as the wrap fee program sponsor and also acts as the portfolio manager in other wrap fee programs sponsored by us. We receive the SPA Fee as described in this Brochure. Your Investment Manager, which may be a Related Manager, charges a separate management fee for services. 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.

### **PERFORMANCE-BASED FEES**

Merrill does not charge performance-based fees.

### **METHODS OF ANALYSIS**

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



### **VOTING CLIENT SECURITIES**

As described in the section Proxy Voting and Other Legal Matters, unless otherwise designated in the Client Agreement or other writing addressed to us (or another custodian you select), you direct your Investment Manager for each SPA Account to vote the proxies relating to the securities held in the SPA Account.

### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As part of the enrollment process into SPA, you are asked to complete a Profiling Questionnaire that elicits information about your financial circumstances, investment objectives, risk tolerance and other relevant information relating to your Account. The information in the Profiling Questionnaire is used by us to make manager recommendations and may be provided to your Investment Manager.

You are obligated to notify your Financial Advisors promptly of any material change in financial circumstances, investment objectives or investment restrictions (if any) that may affect the services your Financial Advisor provides to the Account in SPA. You are notified periodically to emphasize the need for you to report such information. The management of your Account is the responsibility of your selected Investment Manager. Accordingly, you must also provide any such updated information directly to your Investment Managers, and neither Merrill nor our Financial Advisors have any obligation to communicate such information to your Investment Manager.

### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

We do not place any restrictions on your ability to contact and consult with your Investment Manager. Under SPA, you enter into a separate agreement with your Investment Manager and that agreement will discuss your ability to contact your Investment Manager.

### **ADDITIONAL INFORMATION**

#### **DISCIPLINARY INFORMATION**

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your decision of whether to retain us for your investment advisory needs. You can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at: [adviserinfo.sec.gov/](https://adviserinfo.sec.gov/).

On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a markup or markdown on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714.

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

On August 20, 2018, the SEC announced that MLPF&S, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7.

Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered MLPF&S's remedial acts promptly undertaken and cooperation afforded the SEC staff. MLPF&S consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

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

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Merrill, an indirect wholly-owned subsidiary of BofA Corp., is a leading global investment banking firm and a registered broker-dealer and investment adviser. In the United States, we act as a broker (*i.e.*, agent) for our corporate, institutional and private clients. Through our own arrangements and through our Affiliate, BofA Securities, Inc. ("BofAS"), we have access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. We also act as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. We operate the firm's U.S. retail branch system, and also provide 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.

As a registered investment adviser, Merrill completes a Form ADV, which is publicly filed with the SEC (available at <http://www.adviserinfo.sec.gov/>). For purposes of Form ADV Part 2, certain Merrill management persons are registered as registered representatives or associated persons of Merrill. In the future, certain Merrill personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

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

From time to time, Merrill enters into distribution agreements with asset managers pursuant to which Merrill distributes certain products and services sponsored or advised by the asset manager. Due to these relationships, the management and employees of these entities have a broader level of access and exposure to Merrill, our management, Financial Advisors and other personnel. In addition, they have the opportunity for increased exposure at marketing events or in Financial Advisor and client materials. Such access and exposure is not available to other asset managers and enhances the ability of our Affiliates to distribute their funds and other investment products through us.

Each of the Related Funds pays investment management fees to its investment adviser and, like Unrelated Funds, incurs other expenses.

We address conflicts described in this section and throughout the Brochure relating to compensation in a variety of ways, including disclosure of the conflicts in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs and considering cost. In addition, we have

established a variety of restrictions, procedures and disclosures designed to address potential and actual conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business. That said, your Investment Manager, not Merrill or your Financial Advisor, will recommend individual securities and exercise investment discretion.

### **CONFLICTS OF INTEREST AND INFORMATION WALLS**

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

Managing conflicts of interest is an integral part of BofA Corp.'s risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Each of BofA Corp. and Merrill 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 or manage the conflict.

### **CODE OF ETHICS**

We have 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. The 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 we follow in conducting our business with integrity and professionalism. The Code of Ethics covers requirements relating to:

- Employees complying with all applicable securities and related laws and regulations.
- Reporting and/or clearance of employee personal trading.
- Prevention of misuse of material nonpublic information.
- Obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

Covered personnel must certify to the receipt of the Code of Ethics. We will provide a copy of the Code of Ethics to you upon request.

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

### **COMPENSATION, CONFLICTS OF INTEREST AND MATERIAL RELATIONSHIPS**

**Benefits to Us and Your Financial Advisor from Your Enrollment in the Program.** Merrill earns revenue from the SPA Fee paid to us under the Program, as well as from commissions, markups/markdowns, up-front sales charges and other sales charges or fees (collectively, “Sales Charges”) paid in connection with brokerage transactions. Merrill also earns revenue from other fees and payments you may make and from what we receive from Affiliates and third-party investment managers, fund managers, product distributors and sponsors and other product providers (“Third-Party Firms”) related to transactions in your Account.

Financial Advisors earn compensation and benefits based on the revenue that Merrill earns from the fees paid in the Program and as revenue derived from certain, but not all, of the other fees and costs you incur that are not covered by the SPA fee. They also earn compensation and benefits based on the revenue that Merrill earns from Sales Charges related to securities transactions in any brokerage account you may have as well as from the revenue derived from the referrals

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to Affiliates (including referrals to an Affiliate for banking products or services). Merrill may also receive revenue from Third-Party Firms depending on the investment products in which you invest, which is not part of the Financial Advisor's compensation. As Merrill revenue increases, the Financial Advisors' compensation will increase or will be positively impacted. This means that a financial advisor will have a financial interest in recommending transactions that generate higher amounts of revenue for Merrill and compensation for them, rather than those transactions that generate lower amounts of revenue. They also have the incentive to charge the maximum SPA Rate rather than agreeing to a lesser fee rate or offering a discount or waiver of Sales Charges for brokerage transactions where they have the discretion to do so.

The amount of revenue we receive and compensation your Financial Advisor earns varies depending on the program, service or product you select. These differences create a conflict of interest in that there is a financial incentive for your Financial Advisor to recommend or select a certain type of relationship or certain investment programs based on the nature of the compensation they will receive. The revenue we receive from your enrollment in the Program may also be more or less than the revenue that would be received if you had instead participated in other of our investment advisory programs or if you had engaged in the investment activities in a brokerage account. The more assets there are in your Account, the more you will pay in fees, creating a financial incentive to recommend that you increase the assets in your Account. In the Program, we make more revenue based on the level of assets in the Account as well as the level of the SPA fee rate that you agree to or are charged.

We pay Financial Advisors a salary and incentive compensation that is based on the revenues Merrill receives for making available and/or providing the Program Services, as well as for the brokerage services provided to clients with brokerage accounts. In general, a Financial Advisor is credited in the form of "production credits" with a portion of the SPA Fee paid and for brokerage accounts, the Sales Charges received from securities transactions. In addition, Financial Advisors also receive production credits based on a clients' use of margin lending, in respect of cash swept to Bank Affiliates and for referrals of clients to BANA and other Merrill Affiliates for banking and lending services and for other financial services, including trade execution. The calculation of production credits generated takes into account the SPA Fee you pay for the Program Services, Sales Charges received for the investment products purchased or sold in any brokerage account and other factors which may change from time to time. Because different investment products and services have varying Sales Charges, there are different associated production credits related to brokerage transactions in those products.

Merrill compensates your Financial Advisor on an ongoing basis on the SPA Fee rate that is negotiated with and agreed to between you and your Financial Advisor for your Account and the production credit is based on that negotiated rate. When proposing a SPA Fee rate to you, the Financial Advisor typically will consider a number of factors, including the amount of your assets, the number and size of related accounts, the range and extent of services provided or to be provided to you, including any Legacy Elective Service that you may have previously selected, the breadth of your relationship with Merrill, the SPA Strategy you selected, competitive considerations and the Financial Advisor's own compensation considerations. In the Program, the Financial Advisor has a financial incentive to obtain the highest SPA Fee rate in the fee discussions with you and this incentive can influence the recommendations related to the Strategy for an Account (which will have its own separate Investment Manager Fee rate that would apply to your Account). The higher the SPA Fee rate you agree to, the more the Financial Advisor earns in production credits. The more overall production credits that the Financial Advisor generates, the higher his or her incentive compensation. This creates a conflict of interest for the Financial Advisor to recommend a Strategy that could influence the level of the SPA Fee rate and thus associated production credits.

Your Financial Advisor has the ability to agree to a fee that is lower than the maximum rate. Merrill has business and compensation policies that result in their receiving lower compensation if the agreed-upon SPA Fee rate is lower than certain established levels. Therefore, Financial Advisors also have a financial incentive not to reduce fees below those levels. You may accept or decline any proposed rate by your Financial Advisor as part of the negotiation process.

Financial Advisors are eligible to receive a compensation award, payable over a defined period of time, from an incentive program that is currently based on meeting growth targets from the prior year in new households and in assets and liabilities. The growth in assets and liabilities component of the award is based on: the movement of client assets into accounts enrolled in certain of our investment advisory programs; investment activity in specified investment products (e.g., money market funds, alternative investments, 529 Plan accounts, annuities and/or life insurance); the opening of new BANA trust accounts; the establishment of 401(k) Plan accounts; and clients' participation in banking services and lending services (i.e., sweep deposit accounts and sweep money market funds, checking and savings accounts, preferred deposit products, loans, mortgages and margin lending) offered by Merrill, BANA and our other Bank Affiliates. A Financial

Advisor is subject to a reduction in their incentive compensation if they fail to achieve growth in the assets and liabilities component of the award. Merrill changes the compensation program from year to year to add to or adjust the criteria.

Financial Advisors may have received recruiting and retention payments and have certain ongoing responsibilities relating to such payments. These payments may take various forms, including salary guarantees, upfront bonuses or loans and various forms of compensation contingent on continued employment. The amount paid to a Financial Advisor under these arrangements generally is based to a large extent on the size of the business at a prior firm. In addition, as part of the recruiting arrangements, a Financial Advisor is eligible for future bonus payments based on assets that transfer, including from the Financial Advisor's prior firm, which creates a conflict of interest since the Financial Advisor has an incentive to recommend that you transfer your account to us. The future bonus payments are conditioned on the total assets in accounts serviced at Merrill. These bonuses are in addition to the incentive compensation to which a Financial Advisor is otherwise entitled as a financial advisor.

Financial Advisors have a financial incentive to recommend rolling over assets from an employer-sponsored retirement plan (such as a 401(k) plan) or a retirement account at another firm (a "rollover") into an Individual Retirement Account (IRA). We and our Financial Advisors also have a financial incentive to recommend a rollover to Merrill because transactions in the rollover IRA will generate either investment advisory fees if that account is enrolled in the Program or Sales Charges and other compensation that benefits Merrill and the financial advisor.

There is a conflict of interest when your financial advisor recommends an account or program type, a security transaction or investment strategy where it is expected that Merrill will earn greater revenue over another account or program type, security transaction or investment strategy and therefore your financial advisor will earn more compensation. Having a compensation award based on meeting criteria based on client investment activity or engaging with Merrill or Affiliate financial or banking and lending services presents a conflict of interest between the Financial Advisor and you because it could lead to such activity being promoted by them to qualify for the compensation award or to avoid the reduction in their incentive compensation.

We address compensation conflicts described in this section and in other sections of the Brochure in a variety of ways, including the disclosure of the conflicts in this Brochure, by requiring clients to affirm their interest for products in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients prior to or at time of sale. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment securities and services that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs and considering cost.

**Field Management and Merrill Management Compensation.** Elements of our field management compensation are based on revenues to Merrill and on the Financial Advisors whom they manage meeting strategic goals set for the year, including the growth in assets and liabilities component of the award as described above. Part of this award component includes the participation in banking and lending services described above offered by Merrill, BANA and our other Bank Affiliates.

Management personnel and other employees of Merrill, MAA and their Affiliates receive incentive compensation based on a number of factors including the profitability of Merrill and BofA Corp. Merrill's and BofA Corp.'s profitability is impacted by a number of factors including the growth of the business, management of expenses, the amount of Bank Affiliate cash sweep assets and the rate that is paid on those assets.

We have a conflict of interest as a result of the management compensation approach that we follow. There is an incentive for our field management team to encourage Financial Advisors to recommend products and services that result in more revenue to Merrill and to meet their strategic growth compensation targets under the financial advisor compensation plan. This includes transactions in certain types of investment products and clients' participation in banking and Affiliate Lending Programs. There is a financial incentive for management to structure the scope and approach of the compensation award program. We maintain policies and procedures and supervisory review processes, including governance approval requirements, that are designed to review and address any financial incentive or conflict to favor any one security type or investment product or service. We also provide disclosures of these conflicts in the Brochure.



**Referral Program and Compensation.** Our Financial Advisors may recommend that you utilize the banking products and lending services of BANA or purchase products or services of our Affiliates. In addition, they may refer clients to BANA, BofAS and other Affiliates for financial services that they provide, including transaction execution and investment banking services and products (including banking products). They may introduce fund and other investment product distributors, sponsors, service providers or their affiliates to other services that we, BofA Corp. and our Affiliates provide. Similarly, employees of BANA, BofAS and other Affiliates may refer clients to us for brokerage and investment advisory services. These referrals may involve the payment of referral fees between us and BANA or its Affiliates. If a Financial Advisor refers a client to BANA or other Bank Affiliates to establish a bank account directly with the bank, Merrill receives a payment directly from each Bank Affiliate based on the daily deposit balance held by the Bank Affiliate. The amount of the payment made to Merrill varies from time to time and varies based on the Bank Affiliate. We may waive all or part of this payment.

Our referral payment program results in a conflict of interest because Merrill and our Financial Advisors are incentivized to introduce products or financial, banking and lending services that provide us or our Affiliates additional compensation or the financial advisor with associated production credits. We maintain policies and procedures and review processes that have been reasonably designed to ensure that referral compensation and criteria have been designed and implemented to mitigate any incentive or conflict to favor any one security type or investment product or service. In addition, we have our policies that require our Financial Advisors to recommend investment advisory programs, investment products and securities that are suitable for each client based upon investment objectives, risk tolerance and financial situation and needs.

**Account and Program Choice.** Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Clients have the ability to enroll accounts in the Program holding some or all of their investment assets and to have brokerage accounts for some or all of their assets. The various programs we offer and ways to interact with Merrill are outlined in the [Form CRS](#), this Brochure and in the [Summary of Programs and Services](#). Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. There are differences among the programs and account relationships. You may be able to obtain the same or similar Services or types of investments you obtain in the Program through a brokerage account or other investment advisory programs and services offered by Merrill. These may be available at lower or higher fees than the Program Fee you pay. You may also be able to obtain some or all Services from other firms and at fees that may be lower or higher than the Program Fee we charge. A recommendation of the type of account relationship creates a conflict of interest for us and your financial advisor. The amount of compensation we and our Financial Advisors receive depends on the type of account and relationship you choose.

In the Program, you will pay the SPA fee at the rate you agree with your Financial Advisor. In a brokerage account, you will pay per trade Sales Charges to purchase and sell securities and a portion of those charges and fees will be paid to your Advisor. In a brokerage account, the amount of revenues we receive and the compensation that our Advisor receives depends on the level of trading activity in the Account, the applicable Sales Charges and the associated production credits as well as other indirect compensation. You could pay higher fees in a brokerage account than from one enrolled in the Program depending on the Sales Charges, frequency of trading and the investment products for investment and other factors. By contrast, if the trading activity in your brokerage account is limited, your Advisor has a financial incentive or conflict of interest to recommend that you enroll in the Program because we and your Advisor could earn greater compensation from the annual asset-based fee.

Certain investment strategies are available to you outside of the Program for more or less than you would pay in the Program. When you compare the account types and investment advisory programs and their relative costs with what is available in the Program, you should consider the various factors outlined in the section "Ability to Obtain Certain Services Separately and for Different Fees." Certain of these factors relate to your preferences regarding the relationship, whether you are seeking ongoing monitoring services provided for in the Program, how you want to pay for investment services, the SPA fee rate you agree to with your Financial Advisor and the types of investment solutions you are interested in investing in.

We offer other investment advisory programs that offer certain of the Strategies that are the same as or similar to those available in the Program. There are important differences between this Program and our other available investment advisory programs in terms of the services, structure and the applicable fees. You may obtain these Strategies for a



lower cost than you pay in the Program but you will receive different services from the Services you receive through the Program.

**Use of Related Investment Managers.** The SPA program offers the ability to choose an Investment Manager that is a Related Manager. We will indicate in the Profile or another disclosure document whether an Investment Manager is a Related Manager. Merrill may include certain Related Managers on the Coverage List but will not include them in the SPA manager identification services. We provide due diligence on the Related Managers included on the Coverage List, but do not provide due diligence on Related Managers that are not on the Coverage List. Related Managers included on the Coverage List will currently not be made available to Retirement Accounts. (As of the date of this Brochure, there are no Related Managers on the Coverage List.)

The selection of a Related Manager results in increased compensation to us or our Affiliate because we and/or the Merrill Affiliate retain both the SPA Fee and the Investment Manager Fee (other than with respect to Retirement Accounts). For this reason, a conflict of interest exists when your Financial Advisor assists you in the selection of a Strategy of a Related Manager. In addition, we have a conflict of interest when recommending, selecting, monitoring and considering the removal or status change of a Related Manager because we and our Affiliates have an incentive to favor Related Managers over those whose selection would be expected to result in less total compensation to us and our Affiliates.

If the Strategy of a Related Manager is selected, we and/or the Merrill Affiliate retain both the SPA Fee and the Investment Manager Fee (other than with respect to Retirement Accounts). For this reason, a conflict of interest exists when your Financial Advisor assists you in the selection of a Strategy of a Related Manager.

Our Affiliates such as BANA, offer their own managed products or wrap programs that are similar to this or other Merrill programs. Advice and/or recommendations provided to accounts in those programs, including advice related to the recommendation of certain Investment Managers, will be different from, or even conflict with, the advice and recommendations provided in connection with the Program or to other Affiliates. 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. For example, we may recommend a specific Investment Manager for inclusion in a BANA program, but not a Merrill program. Conflicts of interest related to the inclusion of Related Managers in SPA are further discussed under the section "Trading in SPA Accounts."

**Cash Sweep Program Compensation Received by Us and Our Affiliates.** A SPA Strategy can include a cash allocation for operational and implementation purposes and/or investment purposes as directed by the Investment Manager. Some types of Strategies include investments that take an extended period of time to purchase due to the type of securities, their availability in the market and selection criteria. Until invested, the cash for these investments is typically invested in cash alternatives or other investment products as determined by the Investment Manager as a temporary investment pending purchase of the individual security. The Investment Manager has the investment discretion to keep the cash position as a cash balance subject to the Cash Sweep Program.

Merrill and our Bank Affiliates benefit financially when there are cash balances in the bank deposit accounts affiliated with the Cash Sweep Program. Merrill receives payments from our Bank Affiliates on a per account basis for each account that sweeps to one of our Bank Affiliates relating to offering and supporting the Cash Sweep Program. For Accounts that are eligible for and that elect a money market fund as its cash sweep option, we receive compensation for providing infrastructure, marketing support, sub-accounting or other services. For the ISA cash sweep option available to certain account types, we receive a fee directly from each Participating Bank based on the daily deposit balance held by the Participating Banks. The amount of the fee varies from time to time and by the Participating Bank.

The Bank Affiliates benefit financially from the Cash Sweep Program. Through the Cash Sweep Program, they receive a stable, cost-effective source of funding. They use the cash funds deposited in the bank deposits to fund their current and future lending, investment and other business activities. The participation of the Bank Affiliates in the Cash Sweep Program increases their respective deposits and accordingly overall profits. Bank profitability is determined, in large part, by the "spread" they earn on the deposits—the difference between the interest paid on the bank deposits and other amounts paid to Merrill related to these deposits, on the one hand, and the interest or other income earned on loans, investments and other assets which may be funded in part by bank deposits, on the other hand. The greater the amount of cash balances maintained in your Account that is swept into a bank deposit account affiliated with the Cash Sweep Program and the lower the interest rate paid on the related bank deposit, the more our Bank Affiliates benefit.

Cash balances swept to a bank deposit account of our Bank Affiliates will bear a rate of interest that has been established for, and in light of the features of, the Cash Sweep Program. The rate of interest for such deposit accounts is periodically set and reset by the Bank Affiliates in their discretion. Accounts that enroll in the Program and in other specified Merrill investment advisory programs receive the highest tier rate available under the Cash Sweep Program. The interest rate you earn in the bank deposit account affiliated with the Cash Sweep Program will likely be lower than yields on certain money market funds and other cash alternatives.

Merrill receives compensation for administrative and other services from the money market funds available as an automatic sweep option for certain Retirement Accounts which we do not retain under applicable regulation. We rebate the compensation received from the fund managers of the sweep money market funds to clients of these Retirement Accounts.

We address the conflicts of interests associated with the Cash Sweep Program and the deposit accounts in a variety of ways, including through disclosure in this Brochure, by requiring clients to affirm their interest for the Cash Sweep Program options in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients throughout their account relationship. There is no charge, fee or commission imposed with respect to your participation in the Cash Sweep Program. We have adopted various policies and procedures reasonably designed to prevent the cash sweep arrangement and other business arrangements from affecting the nature of the advice we and our Financial Advisors provide.

**Third-Party Firm Business Relationships and Support.** We and our Affiliates have business relationships with Investment Managers, including Investment Managers participating in SPA, Fund managers, distributors and sponsors, and insurance companies and other product providers ("Third-Party Firms"). We make available research, execution, custodial, pricing and other services in the ordinary course of business. Third-Party Firms can direct transactions to us or our Affiliates including effecting transactions in the ordinary course of business for funds and product vehicles managed or sponsored by them. We also make available brokerage services and other Merrill or Affiliate programs and services, including banking and lending services. Any compensation paid to us or our Affiliates by a Third-Party Firm is additional compensation to us for services we and our Affiliates provide.

In order to make investment products or services available on our platform, we incur certain technology and infrastructure costs. While we do not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we reserve the right to seek reimbursement from Third-Party Firms for particular projects. In the event that we receive support from product issuers or sponsors for such costs, it creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

Having business relationships with Third-Party Firms creates a conflict of interest and can affect opportunities to negotiate more favorable financial terms for client investments in the products of the Third-Party Firms. We disclose the nature of our relationship in general with Third-Party Firms. We determine the compensation paid to our Financial Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Our Financial Advisors do not have an incentive to recommend certain investment products over others because they do not receive additional compensation as a result of these types of arrangements or compensation. Additionally, we select Strategies that are available through the Program and other of our investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of such compensation and other business arrangements from affecting the nature of the advice we and our Financial Advisors provide.

Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences ("Conferences") for invited Merrill financial professionals. These financial professionals include Financial Advisors and members of their team, employees who work for a Merrill branch, market or division to support the Financial Advisors (Field Employees) and employees who cover product, Chief Investment Office and home office support functions (Non-Field Employees). Conferences are organized on either a national or local level. Merrill and certain Third-Party Firms share in the costs of the Conferences. During 2023, Merrill and certain Third-Party Firms shared in the costs of the Conferences and during this period, Merrill received approximately \$4.7 million from participating Third-Party Firms as part of their share of the covered costs for these Conferences.

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Merrill also holds client and prospect events (e.g., seminars, trade shows, booth events) where Third-Party Firms participate (“Client Events”). Merrill is reimbursed by participating Third-Party Firms for certain expenses incurred in connection with holding such Client Events. In 2022, Merrill received approximately \$1.2 million from participating Third-Party Firms for Client Events. During 2023, Merrill was reimbursed by participating Third-Party Firms for certain expenses incurred in connection with holding such Client Events in the amount of approximately \$2.2 million from participating Third-Party Firms.

Certain Third-Party Firms periodically host or participate in educational meetings for certain Financial Advisors, Field Employees and Non-Field Employees (“Manager Meetings”) where they provide information on investment products and services and the opportunity to interact with their investment and sales personnel. For those Manager Meetings held in 2023, the hosting Third-Party Firm paid for certain of the Manager Meeting costs subject to a cost sharing cap. Merrill or the attending Financial Advisor, Field Employee and Non-Field Employee paid for travel, accommodation and continuing education costs. In 2023, the total expenditures made by participating Third-Party Firms relating to Manager Meetings was less than \$50,000.

Furthermore, Third-Party Firms also provided monetary support directly to charities or in connection with charitable events and causes that Merrill or its employees support or attend. The total contributions made by Third-Party Firms in support of charitable events and causes that we requested or initiated with the Third-Party Manager in 2023 was approximately \$225,000. Participation in charitable events is subject to Merrill internal policies and supervision.

Beginning in January 2024, Third-Party Firms that elect to act as sponsors of Conferences and Client Events will reimburse Merrill on an equitable basis for the eligible costs of the particular Conference for which they act as sponsor. The reimbursable costs include venue and facilities costs (including food and beverages), certain speaker costs and travel, lodging and continuing education costs for attending Financial Advisors and select employees facilitating the Conference or Client Event. Merrill organizes the Conferences and Client Events and approves the attendees, speakers, agenda and meeting content and sponsors. All Conference and Client Event expenditures must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight. In addition, Third-Party Firms that hold Manager Meetings will pay for all eligible costs associated with such meetings, including the cost of travel, accommodation and continuing education fees for the attending Financial Advisors, Field Employees and certain permitted Non-Field Employees (not including any CIO employee). The costs to be covered by the Third-Party Firm are subject to Merrill policies and guidelines.

The participation of, and payment of costs by, a Third-Party Firm for Conferences, Client Events, Manager Meetings and charitable events present conflicts of interest. They create incentives for Financial Advisors to recommend products of participating Third-Party Firms. They give those Financial Advisors participating in Conferences, Client Meetings and Manager Meetings with more opportunities to interact and build relationships with Third-Party Firms and their personnel which could lead them to recommend the products and services of these Third-Party Firms over others. There is also a conflict of interest for Field Employees to approve those recommendations and for non-Field Employees to select products of the Third-Party Firm for the Merrill platform.

We address these conflicts in a number of ways. There is no requirement that Third-Party Firms reimburse Merrill for, or pay the costs of, such events in order for their investment products to be made available on the Merrill platform. Neither we nor our Affiliates incentivize our Financial Advisors to recommend the products or services of a Third-Party Firm that makes such contributions over those that do not. We do not incentivize Field Employees to approve the recommendations of products and services of Third-Party Firms who participate in the Conferences, Client Events and Manager Meetings and we do not incentivize Non-Field Employees to approve particular products of a Third-Party Firm for the Merrill platform. We limit the participation of Financial Advisors, Field Employees and Non-Field Employees in these events. Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. Third-Party Firm reimbursements for costs of meetings and events must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight that is reasonably designed to review the nature of the business interactions and level of expense reimbursement from affecting the nature of the advice we provide.

Representatives of Third-Party Firms will, from time to time, meet and work with our Financial Advisors, Field Employees and Non-Field Employees, one on one or in small individual groups, to provide information and support regarding their respective investment products. We have policies and procedures that limit Third-Party Firms from providing and paying

for, and our Financial Advisors, Field Employees and Non-Field Employees from receiving, gifts, meals and entertainment, other than as permitted and subject to the limits established under Merrill internal policies. Nominal gifts including items of a promotional nature related to the Third-Party Firm (i.e., logo items, like golf balls, hats) are permitted. Subject to our policy requirements and restrictions, a Third-Party Firm may pay the costs of a business meal for a Financial Advisor, Field Employee and certain Non-Field Employees up to a limit of \$300 per meal and a total of \$1,000 per year. While our policies permit attending entertainment events, (i.e., sporting events and golf outings) organized by a Third Party Firm, the Financial Advisor, Field Employee and/or Non-Field Employee must pay for the costs of such events themselves.

Permitting Third-Party Firm representatives access to our financial professionals and paying for meals presents a conflict of interest. Providing Financial Advisors with gifts, meals or entertainment access creates incentives for them to recommend investment products of those Third-Party Firms. It can also create incentives for Field Employees to approve recommendations of a financial advisor, where required. Furthermore, providing gifts, meals or entertainment access to Non-Field Employees creates incentives to approve the investment products of the Third-Party Firm for the Merrill platform. In addition to monetary limits, we have policies, procedures and supervisory controls that are reasonably designed to review the frequency and level of gifts, meals, entertainment access from affecting the nature of the advice we provide. Third-Party Firms are not permitted to condition their gifts, business meals or entertainment access on any amount of sales of their investment products. Merrill does not incentivize any of its financial professionals to recommend or select one investment product over another.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

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

**Cash Balances and Cash Sweep Program.** As further described in “Funding and Operation of Accounts—Cash Balances and the Cash Sweep Program”, cash balances may be held in your Account for a number of different reasons, including as part of a Strategy’s asset allocation to cash. To the extent the Investment Manager does not select a cash alternative vehicle for your Account’s cash allocation, the cash allocation will be maintained in your Account as a cash balance. Unless your Account is a certain type of Retirement Account or a TMA Account, the only sweep vehicle currently available to you for the cash balance is a bank deposit account affiliated with the Cash Sweep Program with our Bank Affiliates. Please see the section “Compensation, Conflicts of Interest and Material Relationships—Cash Sweep Program Compensation Received by Us and Our Affiliates” for a discussion of the conflicts of interest related to the Cash Sweep Program.

The [Sweep Program Guide for Merrill Clients](#) provides information on the fees that Merrill receives from the Bank Affiliates for each account, including Program Accounts that sweeps to the MLBD Program, the RASP and the ISA Program. These fees are up to \$100 per year for each account received from the Bank Affiliates and a fee of up to 2% per annum of the daily balances from the ISA banks. This compensation is subject to change from time to time, and Merrill may waive all or part of it.

For TMA and certain eligible retirement accounts that have selected the money market fund automatic sweep option, the available sweep money market funds include a 0.40% asset-based administration fee per annum that is paid to Merrill. Merrill rebates the amount of the asset-based administration fee it receives to these clients. The amount of such rebate may be less than this 0.40% fee in certain rate environments where the fund manager waives or reduces the amount of such fee in order to avoid a negative return on the money market fund.

Merrill may benefit from the possession or use of cash balances, also known as free credit balances, in your accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934.

**Principal, Agency-Cross and Cross Trades.** We will not charge a commission on agency transactions in your Account. There may be instances in which we or an Affiliate of ours act as principal in effecting an investment transaction for your Account, in accordance with applicable law. If we or an Affiliate of ours effect a principal transaction for your Account, Merrill will not charge a markup or markdown. However, principal transactions may be subject to a spread, underwriting fee or selling concession, which would result in additional compensation or other benefit to us or our affiliate. We have authorized transactions for your Account to be effected on a stock exchange by us or an Affiliate, as appropriate.

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We or one of our Affiliates may, at times, act as agent for both buyer and seller in effecting investment transactions involving SPA clients or other advisory clients (“agency-cross transactions”), in accordance with applicable law. Since we generally will receive compensation from each party to an agency-cross transaction, there is a conflict between our responsibilities and loyalties to you and to the other party to the transaction. Any compensation we receive will be in addition to the SPA Fee. By signing the Client Agreement, you consent to us acting as your agent in effecting agency-cross transactions for the Account when we consider them advisable and consistent with applicable law. You may revoke the consent at any time by notifying us in writing.

From time to time, we may cause your Account to engage in a transaction for the purchase or sale of a security with another client, subject to applicable law. We would do so only when we determine that the transaction is in the best interest of each party, and we would not receive any compensation in connection with the transaction.

**Investments in Fund Products.** We generally restrict Investment Managers from purchasing mutual fund shares in your Account, including purchasing additional shares of any mutual fund that you used to fund your Account (either initially or otherwise). To the extent that you fund your Account with mutual fund shares, and you or your Investment Manager do not liquidate or transfer such shares from your Account within a limited period of time after being requested to do so, we will terminate your Account from SPA. Mutual funds and money market funds (referred to as “mutual funds”), that are not held through a cash sweep vehicle applicable to your Account are not eligible assets and therefore are not subject to the SPA Fee.

In the event your Investment Manager is permitted to use these mutual funds as a part of the Strategy used in your Account, you understand that these funds may be related to the Investment Manager. Any fees and compensation, including the sub-accounting services fees discussed below, that we or our Affiliates receive from or on behalf of a mutual fund or either of their product sponsors in connection with your investments enrolled in the Program are in addition to the SPA Fee and, except to the extent required by applicable law, the SPA Fee is not offset or reduced by any such fees and compensation we receive. These mutual funds may pay us to provide the required sub-accounting and other services. These sub-accounting and other services include aggregating and processing purchases, redemptions, exchanges dividend reinvestment, consolidated account statements, tax reporting and other related processing and recordkeeping services (together, “sub-accounting services”). Under agreements with mutual funds (or their respective principal underwriter or other agent), we provide daily sub-accounting services (either directly or through a subsidiary) to the holders of these types of mutual funds maintaining shares in an Account as well as in other Merrill securities accounts and receive the agreed upon sub-accounting services fee. This cost is either borne by the mutual fund (like other fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent. These service arrangements and the amount of the compensation vary by type of mutual funds, the mutual fund itself and by share class. These fees and fee rates are subject to change from time to time and may be received individually, or as part of a “bundled” arrangement includes other types of fees, such as administration and distribution payments. Due to applicable regulation, we do not retain compensation for sub-accounting or administrative services for money market fund assets that are held through a cash sweep vehicle for Retirement Accounts or Trust Managed Accounts.

For U.S. mutual funds, depending on the specific arrangements, the sub-accounting services fees are paid from or on behalf of the mutual fund. These fees are either an asset-based fee of up to 0.10% per annum or up to \$16 annually per client position in the mutual fund. For U.S. money market mutual funds, the sub-accounting services asset-based fee is generally 0.005% per annum.

The amount of the sub-accounting services fees varies among mutual funds and, in certain instances, between share classes of individual mutual funds, this results in a conflict of interest because it creates an incentive for us to recommend that you invest in mutual funds and share classes that pay higher fees. We receive higher sub-accounting payments from mutual fund families that have higher asset levels held in our client’s accounts because the service fee calculation is based off of the level of the asset holdings. Additionally, there is a benefit to us because the aggregate amount of the sub-accounting fees exceed the costs to provide these services. We address these conflicts of interest in the following ways. We disclose the nature of our sub-accounting service arrangements. We also determine the compensation paid to our Financial Advisors on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Our Financial Advisors do not have an incentive to recommend certain funds over others because they do not receive additional compensation as a result of these types of arrangements. In addition, we and our Affiliates select mutual funds that are available and offered through the Program as well as in our brokerage



accounts and other investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy.

**Provision of Diversified Financial Services.** BofA Corp., through its subsidiaries and Affiliates, including us, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include (1) securities brokerage, trading and underwriting; (2) investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; (3) wealth management products and services including financial, retirement and generational planning, asset management and investment advisory and related recordkeeping services; (4) origination, brokerage, dealer and related activities in swaps, options, forwards, ETFs, other derivatives, commodities and foreign exchange products; (5) securities clearance, settlement financing services and prime brokerage; (6) private equity and other principal investing activities; (7) proprietary trading of securities, derivatives and loans; (8) banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; (9) insurance and annuities sales; and (10) providing research including: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy. As a result, we, BofA Corp. and our Affiliates can be expected to pursue additional business opportunities with the entities whose investments we and our Financial Advisors recommend or make available to clients. Consistent with industry regulations, the services that we and our Affiliates provide include: banking and lending services; sponsorship of deferred compensation and retirement plans; recordkeeping services; investment banking; securities research; institutional trading and prime brokerage services; custody services; investment advisory services; and effecting portfolio securities transactions for Funds and other clients. BofA Corp. is subject to the reporting requirements of the Exchange Act and additional information about it can be found in publicly available filings with the SEC.

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

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

**Participation in Affiliate Lending Programs and Margin.** There are of conflicts of interest when we recommend that you use a loan secured by your Account assets as collateral. These conflicts exist with any of our Affiliate lending programs that may be available to you from an Affiliate lender. In the case of a loan from an Affiliate, including but not limited to the Loan Management Account<sup>®</sup> product ("LMA<sup>®</sup> account"), the Affiliate lender intends to derive a profit as lender based on interest and/or fees, if any, charged on the loan, and your Financial Advisor receives compensation based on a percentage of the loan revenue of the Affiliate lender for such loan. Financial Advisors may receive greater benefit if you borrow more under a margin or Affiliate lending program and if you are charged a higher interest rate.

The lender, whether it be Merrill, an Affiliate or a third-party lender, has a lien on your Account assets that are used as collateral for the loan. The lender will act to protect itself as lender in connection with the loan, and this may be contrary to your interests and/or investment objectives. Having a lien on your Account in connection with an Affiliate loan also creates a conflict of interest with respect to the recommendations we make to you. For example, your Financial Advisor may recommend that you allocate your investments to your Account that has an Affiliate lender's lien rather than to another Account without such lien. Another example is that your Financial Advisor may recommend a less risky investment in order to minimize the risk of loss with respect to the Affiliate lender's collateral. Furthermore, your Advisor is compensated based on a percentage of the revenue on the loan and this means your Financial Advisor can benefit from your borrowing under the lending program, rather than liquidating assets held in the Account, and will receive a reduction in compensation earned by recommending you to reduce your outstanding loan balance.

Certain investment strategies can involve the use of margin. Merrill will receive compensation in connection with any assets purchased in an Account on margin or other extensions of credit by us, which is in addition to, and does not reduce,

the SPA Fee. Financial Advisors will receive additional compensation in such circumstances, unless waived, as well as, in limited cases, from rights or tender offers. The additional economic benefit to us from the use of margin creates a conflict of interest.

**Activity by Merrill, its Affiliates and 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 will be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, we may give advice or take action with regard to certain clients, including SPA clients, which differs from that given or taken with regard to other clients. This includes the advice given or actions taken with respect to certain securities, Funds or Investment Managers. In some instances, the actions taken by affiliates with respect to similar services and programs will conflict with the actions taken by us. This is due to, among other things, the differing nature of the affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

Certain of our affiliates may have investment banking or other relationships with certain publicly traded companies; from time to time, these relationships compel us to forego trading in the securities of these companies. In the course of investment banking and other activities, our affiliates acquire confidential or material nonpublic information that prevents us or our affiliates, for a period of time, from purchasing, selling or recommending particular securities for your Account. We and our affiliates are not permitted to divulge or to act upon this information with respect to our advisory or brokerage activities.

Related Managers may provide advisory services with respect to one or more strategies available for your selection. BofA Corp. is the ultimate parent company of and/or a direct or indirect substantial stockholder in Related Managers. If a Strategy provided by a Related Manager is selected, we and/or a Related Company will retain the entire SPA Fee. For this reason, a conflict of interest exists when our Financial Advisor selects or assists you in the selection of, as applicable, a Related Manager Strategy.

We and our Affiliates provide some or all of the same services offered in the Program through other financial firms, either with Affiliates or with firms that are unaffiliated. Certain of these services have fee rates that differ from the SPA Fee. We or our Affiliates may have a position in or enter into "proprietary" transactions in securities purchased or sold for clients, including SPA clients. We or our Affiliates benefit from such securities positions or transactions.

**Covered Entities Under the Volcker Rule.** We may provide certain entity clients that qualify as "family wealth management vehicles" (FWMV), or FWMV clients, with both the services under the Program as well as lending services and to engage, where permitted, in principal transactions. In doing so, we rely on the exception under the Volcker Rule implementing regulations that is available for FWMV clients and have provided FWMV clients with key disclosures that relate to qualifying for this exception in the Client Agreement. For certain entity clients that are deemed "covered fund clients" under the Volcker Rule we are not permitted to offer both services under the Program and the availability of margin, lending or other extensions of credit from us or any of our Affiliates, including BANA, or engage in certain principal transactions. Certain other transactions between BANA or its Affiliates and the entity client will also be prohibited.

### REVIEW OF ACCOUNTS; REPORTS

We do not review your Account on a periodic or other basis to monitor the trading of the Investment Manager or to confirm that Account transactions of the Investment Manager conform to your investment goals, risk tolerances or other instructions.

We provide you with the opportunity to engage in periodic Account reviews in which your Financial Advisor reviews your Account's progress toward goals. Because these reviews provide you with important and necessary information relating to your Account, you are strongly encouraged to take advantage of these opportunities to participate in these Account reviews. If you do not participate in your Account review, we may, in our discretion, terminate your Account from the Program.

In addition, on a periodic basis, you are instructed, in writing, to provide us with current information regarding your Account. This would include changes in your financial situation or investment objectives, or if you would like to impose any reasonable restrictions or reasonably modify any existing restrictions. If the changes provided are material in

nature, a review of your Account may be in order. As described in the section “Reasonable Investment Restrictions”, you may impose reasonable investment restrictions on your Account or modify any existing restrictions, but you must communicate such restrictions directly to your Investment Manager. You should understand that your Investment Manager, not Merrill, will be responsible for complying with your restrictions, if any, and we and your Financial Advisor shall not be responsible for implementing or monitoring your restrictions.

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

As discussed above, we assist you in monitoring and evaluating the performance of your investment accounts by providing periodic performance reports containing returns and other statistical performance analyses.

When we act as custodian, you will receive an account statement in any month in which there is trading or other activity (or in any event quarterly). If you use a custodian other than us, your custodian or trust company must provide periodic custodial or trust reports and settlement instructions to us (or our designee). We are not responsible for the accuracy of these statements and will rely upon the data and other information presented therein or in other reports provided to us by your custodian to prepare performance reports for you. You may also receive reports directly from your selected Investment Manager.

As you direct in the Client Agreement or other writing, you may elect not to receive confirmation of transactions for your Account(s) on a trade-by-trade basis, except as required by rule or regulation, and, in lieu thereof, receive a periodic statement that will be furnished to you not less frequently than quarterly and that will contain the same information that would be included in the trade-by-trade confirmation for each transaction. Your election to receive periodic statements in lieu of trade-by-trade confirmations is entirely optional and:

- Will not affect the calculation of or amount of your SPA Fees.
- Is not a condition to entering into or continuing participation in SPA.
- You may rescind your election at any time by written notice to us with respect to your Account.

We will send confirmations for transactions effected in your Account (or information contained therein) to you and your Investment Manager, as applicable.

You may request, and we will provide to you at no additional cost, an interim update and further details concerning any transaction effected between periodic statements either by calling your Financial Advisor or, where you are enrolled in MyMerrill, by checking your account on MyMerrill. If you elect to receive periodic statements in lieu of trade-by-trade confirmations, you may later choose to receive, and we will provide to you at no additional cost, any confirmations for transactions effected for up to a one-year period preceding your last periodic statement and trade-by-trade confirmations for all subsequent transactions.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Our Financial Advisors are not permitted to give to you or accept from you any fee, kickback, or other thing of value, including a SPA Fee Rate reduction, gifts, meals, or entertainment pursuant to any agreement or understanding, oral or otherwise, for receiving or referring business.

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

We have entered into solicitation arrangements with certain third-party entities to refer prospective clients to us (“Solicitors”). Generally, the fees paid to Solicitors will be paid from investment advisory fees received and retained by us relating to your Account. This fee will generally be a percentage of the investment advisory fee ordinarily credited to your Financial Advisor for the applicable account. We will pay this fee to the Solicitor from the date you establish an account

in the applicable program for as long as your account remains enrolled in SPA and the agreement between us and the Solicitor is effective. If we terminate the agreement with the Solicitor for certain reasons, we may continue to pay the Solicitor for a period of time after termination. We will not increase the fees you pay as a result of our payments to the Solicitor. The fees we charge will not be higher than our usual fees because of the payments to the Solicitor.

Our employees may refer advisory clients to BANA and other affiliates for products and services. Similarly, employees of BANA and its affiliates may refer clients to us for brokerage or advisory services. These referrals may involve the payment of referral fees between Merrill and BANA or its affiliates.

### **FINANCIAL INFORMATION**

Not applicable.

## GLOSSARY

“**Account**” or “**SPA Account**” means each of the securities accounts to which the Client Agreement applies.

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

“**AIPS**” means the Merrill Automated Investment Program. “**BANA**” means Bank of America, N.A.

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

“**Affiliated Custodian**” means an Affiliate of Merrill that provides custodial services.

“**BANA**” means Bank of America, N.A.

“**BofA Corp.**” means Bank of America Corporation.

“**Brochure**” means the Merrill wrap fee program brochure relating to SPA, as amended or updated from time to time.

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

“**CIO**” means the Chief Investment Office. For certain Strategies, “**CIO**” refers to BANA, as described in the Profiles of those Strategies.

“**Client Agreement**” means the agreement relating to SPA between the client and Merrill, as it may be amended from time to time.

“**Coverage List**” means the SPA Current Coverage List of Strategies from which clients may select.

“**ETF**” means an exchange-traded fund.

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

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

“**Funds**” means registered and unregistered investment companies, including mutual funds, closed-end funds, ETFs and hedge funds, real estate investment trusts and other pooled investment vehicles.

“**Investment Manager**” means an investment adviser that is registered with the SEC or one or more state regulatory authorities, or which is exempt from the registration requirement. “**Investment Manager**” includes a Related Manager.

“**IPR**” means the Institutional Performance Report. We also refer to this service as a “**Legacy Elective Service**”, and it is no longer available for new clients enrolling into SPA.

“**MLIAP**” means Merrill Lynch Investment Advisory Program.

“**Profiling Questionnaire**” means a questionnaire that SPA clients complete as part of the enrollment process into SPA that elicits information about their financial circumstances, investment objectives, risk tolerance and other relevant information relating to their Account.

“**Program**” means the Merrill Lynch Strategic Portfolio Advisor® Service.

“**REIT**” means a real estate investment trust.

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

“**Related Fund**” means a Fund sponsored, managed, or advised by Merrill or a Related Company.

“**Related Manager**” means an Investment Manager that is a Related Company.

“**Retirement Account**” means an ERISA Plan, a U.S. tax-qualified plan of self-employed persons, a U.S. individual retirement account, or any other plan, arrangement or entity subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended.

“**Rule 12b-1 fees**” means fees paid pursuant to a plan adopted under Rule 12b-1 under the Investment Company Act.

“**SEC**” means the U.S. Securities and Exchange Commission. “**Securities Act**” means the Securities Act of 1933, as amended.

“**Selling Broker Compensation**” means commissions, markups, markdowns, asset-based or subscription fees, mutual fund sales loads, Rule 12b-1 fees or other remuneration as described in the applicable confirmations, prospectuses, subscription agreements, or other offering documents.

“**SPA**” means the Merrill Lynch Strategic Portfolio Advisor® Service.

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