

# TD AMERITRADE DISCLOSURE PACKET

For use with accounts using advisory services from  
TD Ameritrade Investment Management, LLC.

## Package includes:

- Client Agreement
- Privacy Statement
- Business Continuity Plan Statement
- TD Ameritrade Investment Management Service Agreement
- TD Ameritrade Investment Management ADV, Part 2A
- Your Relationship with TD Ameritrade



PO Box 2760 ■ Omaha, NE 68103-2760

Fax: 866-468-6268

## 1. INTRODUCTION

This Agreement governs all brokerage accounts that I open with you, all transactions in my Account, the use of your websites, the Brokerage Services, the TD Ameritrade Content, and the Third-Party Content; is binding on my heirs, executors, administrators, successors, and assigns; and will inure to the benefit of your successors. By opening an Account with you, I acknowledge that I have received, read, and understand this Agreement and agree to be bound by its terms. Accounts opened with the TD Ameritrade Institutional Division are governed by a separate agreement.

“I,” “me,” “my,” or “account owner” means each account owner who signs the Account Application. “You,” “Your,” or “TD Ameritrade” means TD Ameritrade, Inc., and, when applicable, TD Ameritrade Clearing, Inc. (“Clearing”), TD Ameritrade’s clearing broker-dealer.

## 2. DEFINITIONS

“**Account**” means each brokerage account I open with you or have an interest in.

“**Agreement**” means these terms and conditions as well as any supplemental agreements and disclosures that apply to my Account, as amended from time to time.

“**Applicable Rules**” means all applicable federal and state laws, rules and regulations, rules of any self-regulatory organization, and the constitution and applicable rules, regulations, customs, and usages of the exchange or market and its clearinghouse.

“**Brokerage Services**” means your website and related services that you provide other than TD Ameritrade Content, which I need to place trades in my Account.

“**Business Day**” means Monday through Friday, excluding market holidays.

“**Services**” means, collectively, the websites, the Brokerage Services, the TD Ameritrade Content, and the Third-Party Content. This Agreement applies to the Services provided by you regardless of how I access them (for example, in person, phone, Internet, or by mobile device).

“**TD Ameritrade Content**” means all information, tools, and services available on your website, other than Brokerage Services provided by you, and not by a third party.

“**Third-Party Content**” means all information, tools, and services available on your website that are provided by a third party (“Third-Party Provider”), including financial and investment tools, market data, reports, alerts, calculators, access to online conferences, telecasts, bulletin boards, tax preparation, or account management tools.

“**websites**” means the Internet sites of TD Ameritrade, whose domain name is registered as <http://www.tdameritrade.com>, and others, and through which you offer Services.

## 3. MY ACCOUNT AND RELATIONSHIP WITH YOU

**a. Self-Directed Account.** I understand that Accounts opened with you are self-directed. I am responsible for all purchase and sell orders, decisions to continue with an investment strategy or to hold an investment, and instructions placed in my Account. Unless you provide advice to me that is clearly identified by you as an individualized recommendation for me, any investment decision that I make or investment strategy that I utilize, including the decision to hold any and all of the securities or derivatives in the Account, is based on my own investment decisions or those of my agent and is at my own risk. All investments involve risk, and unless you provide individualized recommendations to me, I or my agent are responsible for determining the suitability of any trade, investment, investment strategy, and risk associated with my investments. TD Ameritrade Content or Third-Party Content I access through you does not constitute a recommendation to invest in any security or derivative, or to utilize any investment strategy.

**b. Fees and Commissions.** I will pay commissions, charges, taxes, and other fees applicable to my Account. Current commission pricing and other fees are on the websites. You may change your fees and commissions at any time by posting changes on the websites or by other means.

You reserve the right to vary commissions among clients in connection with special offers or combinations of services or in other circumstances. You or Clearing may pay a portion of the revenues or fees derived from servicing my Account to third parties that provide services to you or Clearing. If my Account is an IRA or other retirement plan account, my Account may be charged fees that the particular plan has authorized to be paid to service providers other than you or Clearing.

**c. Statements and Confirmations.** It is my obligation to review trade confirmations and Account statements promptly upon receipt. These documents will be considered binding on me unless I notify you of any objections within five days from the date confirmations are sent and within 10 days after Account statements are sent.

### d. Instructions.

1. **General.** You may accept and act on instructions from me, my agent, or any person authorized on my Account. You may refuse any order, or delay placing any order, if you determine that an order requires clarification from me. I will not hold you responsible for any losses caused by the rejection or delay. You will not receive any order or instruction transmitted by my agent or me until you have actual knowledge of the order or instruction. You do not determine the validity of my agent’s status or capacity, the appropriateness of, or the authority or actions by such person.

2. **Wire Transfers.** By initiating a wire transfer from my Account with or without a letter of instruction, I agree that you may use security procedures for accepting and acting upon wire transfer instructions. I agree that such security procedures may include one, some, or all of the following, depending on the type, amount, and frequency of the wire transfer request: requestor and/or account owner identification and verification; requestor and/or account owner signature comparison or verification; confirmation of receiving bank and/or account designation; notice provided via email, message center, or phone to account owner and/or authorized agent; account surveillance and/or trending analysis. In some circumstances, you may place limits on the portability of funds and additional documentation may be required.

I agree that the above security procedures are commercially reasonable under the circumstances. I agree to be bound by instructions to initiate a wire transfer, with or without a letter of instruction, whether in fact authorized or unauthorized, which you implement in compliance with these procedures, unless I have given you prior notice of possible unauthorized activity in my Account and you have a reasonable opportunity to act on such notice.

3. **ACH Transactions.** From time to time, originators that I authorize may send ACH credits or debits to my account. For each ACH transaction, I agree it is subject to the NACHA Operating Rules and Guidelines or other funds transfer system rules as applicable, and that the following additional terms shall apply: (1) TD Ameritrade’s payment of a funds transfer to my account will be provisional until TD Ameritrade receives final settlement or payment, and I agree that TD Ameritrade may reverse the provisional credit and/or obtain reimbursement from me if you do not receive final settlement or payment; (2) A payment by the beneficiary’s bank of a funds transfer from my account to the beneficiary will be provisional until final settlement has been made or until payment is considered received under applicable law, and I agree that the beneficiary’s bank may reverse its provisional credit and obtain a refund from the beneficiary and I, as the originator of the payment, will not be considered to have paid the beneficiary; (3) I hereby authorize any Originating Depository Financial Institution (ODFI) to initiate, pursuant to ACH operating rules, ACH debit entries to my account

for electronic presentation or re-presentation of items written or authorized by me; and (4) If I receive an unauthorized debit, I will need to file a written unauthorized debit statement with TD Ameritrade by contacting TD Ameritrade at 1-800-669-3900

**e. No Endorsement of Day Trading Strategy; Representations.** You do not recommend, endorse, or promote a “day trading” strategy, which may involve significant financial risk to me. If I accumulate a position in a security through multiple purchase transactions in one day and subsequently liquidate and/or close out that position on the same day through a single sale transaction, I represent that it is my intent to execute a single day-trade, unless I notify you to the contrary.

**f. Clearing Agreement.** You and Clearing have entered into a clearing agreement in which Clearing is the clearing agent for securities transactions for your clients. You transmit client instructions to Clearing which causes such instructions to be executed. Clearing carries my Account on a fully disclosed basis. All securities, dividends, and proceeds will be held at Clearing unless otherwise instructed.

**g. Trading in Affiliate Securities.** If I transact in securities that are issued by The Charles Schwab Corporation (“CSC”) or an entity controlled by CSC, I acknowledge and understand that You are controlled by CSC, and/or You and the issuer are under the common control of CSC.

**h. Account Protection.** You are a member of the Securities Investor Protection Corporation (“SIPC”), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). An explanatory brochure is available on request at [sipc.org](http://sipc.org). Additionally, you provide each client \$149.5 million worth of protection for securities and \$2 million of protection for cash through supplemental coverage provided by London insurers. In the event of a brokerage insolvency, a client may receive amounts due from the trustee in bankruptcy and then SIPC. Supplemental coverage is paid out after the trustee and SIPC payouts and under such coverage each client is limited to a combined return of \$152 million from a trustee, SIPC, and London insurers. The TD Ameritrade supplemental coverage has an aggregate limit of \$500 million over all customers. This policy provides coverage following brokerage insolvency and does not protect against loss in market value of the securities.

To obtain information about the SIPC, including the SIPC brochure, I can contact the SIPC at:

Securities Investor Protection Corporation	Tel: 202-371-8300
805 15th St, N.W., Suite 800	Fax: 202-371-6728
Washington, D.C. 20005-2215	Email: <a href="mailto:asksipc@sipc.org">asksipc@sipc.org</a>
	Website: <a href="http://sipc.org">sipc.org</a>

**i. Beneficiary Designation.** Changes in the relationship between the account owner and designated beneficiary (such as, marriage, divorce, or adoption) will not automatically add or revoke beneficiary designations. For example, if an account owner designated a spouse as beneficiary and they subsequently divorced, the former spouse will remain beneficiary on the Account unless the account owner submits a new beneficiary designation to you.

**j. Compliance with Laws.** I agree to comply with all laws, rules, and regulations applicable to my Account.

#### 4. ABOUT ME

**a. Legal Capacity.** I am of legal age in the jurisdiction in which I reside and have the capacity and authority to enter into this Agreement.

**b. Accuracy of Information.** All the information I provide you is true and correct. I will promptly notify you in writing within 10 Business Days after any change in such information. You may rely upon all information I provide you.

**c. Interest in Account.** I represent that no one except me (us) has an interest in any of my (our) Account(s) (unless I am opening the Account as a fiduciary).

**d. Multiple Owners.** If there is more than one Account owner, then the provisions of the Agreement apply to each owner. Accounts of husbands and wives in community property states will be held in the name of husband and wife as community property unless we instruct you otherwise; any other Joint Account will be held jointly with rights of survivorship unless I notify you of a different form of ownership and provide such documentation as you require. You will have no liability for any loss that may arise due to taking instructions

from one owner or requiring instructions from all owners. If I am married, I may establish an account with my spouse as tenants by entirety. I will notify you if I become legally divorced.

**e. Rights, Terms, and Obligations of Securities in Account.** Except as required by Applicable Rules, you are not obligated to notify me of any events involving my securities positions, nor do you have the responsibility to take any actions on my behalf with respect to such events without specific instructions from me. I am responsible for knowing the rights, terms, and obligations of securities in my Account and for monitoring the occurrence of any events involving my securities positions or securities for which I intend to place an order.

#### 5. PRIVACY AND CONFIDENTIALITY

**a. Privacy.** You will take reasonable measures to protect the privacy and confidentiality of information in your possession about my Account and me. Your Privacy Statement explains how you collect and protect my information. The Privacy Statement is incorporated into this Agreement by reference.

**b. Account Number, PIN, or Password.** I will receive a password and/or access number (collectively “PINs”) that provides electronic access to my Account. Account numbers, User IDs, and PINs are confidential, and I am responsible for the confidentiality, protection, and use of them. Subject to the TD Ameritrade Asset Protection Guarantee, I agree to be responsible for all activities in my Account. You may be assured that I have authorized any orders or instructions that are received under my Account number and PIN or by initiating an electronic transfer of funds, with or without a letter of instruction.

**c. TD Ameritrade Asset Protection Guarantee.** If I lose cash or securities from my Account due to unauthorized activity, you will reimburse me for the cash or securities I lose. You promise me this protection if unauthorized activity causes losses and you determine it was through no fault of my own. You promise this protection if I do five things: (1) keep my personal identifying information and Account information secure and confidential because sharing my password, PIN, secret question answers, or other standard means of authentication with other people means I authorize them to take action in my Account; (2) use the standard security features you require for access to my account as they change over time, including using multi-factor authentication. (3) keep my contact information up-to-date with you, including my email address and phone number, so that you can contact me in case of suspected fraud; (4) review my Account frequently and my statements promptly and report any suspicious or unauthorized activity to you immediately in accordance with this Agreement; and (5) take the actions you request if my account is ever compromised and cooperate with any investigation. I agree that unauthorized activity does not include any actions or transactions undertaken by or at the request of me, my investment advisors or family members, or anyone else whom I have allowed access to my Account or to my Account information for any purpose, such as trading securities, writing checks, or making withdrawals or transfers.

**d. Phone Conversations and Electronic Communications.** You may record and monitor any telephone, video, or electronic communications with me.

**e. Credit Reports.** I authorize you to request my credit reports to verify my creditworthiness and to provide information to credit agencies. Upon request, you will inform me whether a report was requested and provide me with the name and address of the credit-reporting agency that furnished the report. Negative credit information may be submitted to a credit-reporting agency if I fail to fulfill the terms of my credit obligations.

**f. Disclosure of Account Information to Third Parties.** Consistent with your Privacy Statement, you and your agents are specifically authorized to disclose information about my Accounts and me to third parties.

**g. Trusted Contact Authorization.** If I elect to provide Trusted Contact information to you, you are authorized to communicate, verbally and in writing, with the Trusted Contact Person(s) named on the applicable Trusted Contact Authorization Form, or by other such means as I may provide Trusted Contact information to you. I understand that any communication with the Trusted Contact Person(s) may include information about any of the Account Owners, the account for which the Trusted Contact information was provided, any other accounts at TD Ameritrade in which any of the Account Owners has an

interest, or any other information the Account Owners may have provided to TD Ameritrade.

I understand that you may contact the Trusted Contact Person(s) for the following reasons: (1) if there are questions or concerns about my whereabouts or health status; (2) if you suspect that I may be a victim of fraud or financial exploitation; (3) if you suspect that I might no longer be able to handle my financial affairs; (4) to confirm the identity of any legal guardian, executor, trustee, authorized trader, or holder of a power of attorney; or (5) if you have any other concerns or are unable to contact me about my Account(s) held with you. If my Account is an Entity or other Non-natural person Account, you may also contact any Authorized Agent named on the Account for the foregoing reasons.

I further agree that: (1) the Trusted Contact Authorization does not impose any obligation that you communicate with my Trusted Contact Person(s); (2) the Trusted Contact Authorization does not authorize the Trusted Contact Person(s) to make any investment decisions or transact any business with you on my behalf; (3) the Trusted Contact Authorization is optional and I may change or withdraw it at any time by notifying you in writing; (4) all named Trusted Contact Person(s) are 18 years of age or older; (5) if there are multiple Account Owners, you are authorized to follow the instructions of any one or more Account Owners in adding a Trusted Contact, and you will not be held liable for information shared with a Trusted Contact, without regard to which Account Owner(s) authorized the addition of the Trusted Contact; and (6) you are released and discharged from all claims, causes of action, damages, losses, expenses, costs, and liabilities of any kind that may arise out of, relate to, or are in connection with the release of, or failure to release, personal and/or account information to the Trusted Contact Person(s).

## 6. CLIENT COMMUNICATIONS

**a. Addresses.** You may send communications to the mailing address, email, telephone number, or facsimile number that I provide. You also may deliver information verbally or via the Secure Message Center on your website. Communications shall be deemed delivered to me whether or not I actually receive them.

**b. Electronic Signatures.** My use of electronic signatures to sign your documents legally binds me in the same manner as if I had manually signed. The use of an electronic version of these documents fully satisfies any requirement that they be provided to me in writing. If I sign electronically, I represent that I have the ability to access and retain a record of the documents. I am responsible for understanding these documents and agree to conduct business with you by electronic means. I am obliged to review periodically the websites for changes or modifications.

**c. Consent.** By consenting to the electronic delivery of all information relating to my Account, I authorize you to deliver all communications to me by the following means: (1) by email at the email address specified by me; (2) by posting the communication on the websites or other sites on the Internet where the communication can be read and printed; (3) by sending me an email that includes a hyperlink to the websites or an address on the Internet where the information is posted, and can be read and printed; and (4) by sending me a notice that directs me to an address on the Internet or a place within the websites where the communication is posted and from which it can be read and printed. Such delivery will be an effective delivery to me for the purpose of any Applicable Rules whether or not I access or review the communication. Although I consent to electronic delivery, you may elect to deliver communications by other means which shall not affect my consent. I will notify you of any change in my address. I may revoke my consent to electronic delivery of communications and receive documents on paper. You have a reasonable period to effect such a change and may charge a reasonable fee for sending paper copies.

**d. Equipment.** If I agree to electronic delivery, I must have a computer with Internet access, an email address, and the ability to download and save or print communications to retain for my records. I am responsible for obtaining and maintaining all equipment and services required for online access of my Account.

## 7. ELECTRONIC SERVICES

**a. Availability.** You do not guarantee that any media will be available to me at a particular time. Access to the websites may be limited or unavailable during periods of peak demand, market volatility, system upgrades, or other reasons.

You reserve the right to suspend and deny access to the Services, without prior notice or for any reason. I recognize that Account activity may be conducted through several different media (for example, Interactive Voice Response phone system [IVR] and phone); and if a certain medium is not available, I will use another medium to conduct Account activity. You will not be liable for the unavailability, delay, or failure of any of the media at any particular time or for the accessibility of, transmission quality, outages to, or malfunction of any telephone circuits, computer system, or software.

**b. Use of Services.** I will use the Services for lawful purposes, for my personal and noncommercial use, and as permitted by this Agreement. I will not transmit through the websites any material that violates or infringes in any way upon the rights of others or would encourage conduct that may give rise to civil or criminal liability. I will not modify, copy, publish, transmit, license, participate in the transfer or sale of, reproduce, create derivative works from, distribute, redistribute, display, or in any way exploit the Services. I will not upload, post, decompile, reverse engineer, disassemble, modify, copy, distribute, transmit, reproduce, republish, license, display, sell or transfer, or create derivative products from the Services. Software accessed on the websites is subject to U.S. export controls and may not be downloaded by any person prohibited from doing so by Applicable Rules.

I may download software on a single computer for personal, noncommercial use, provided I keep intact all copyright and other proprietary notices. You and Third-Party Providers reserve the right to revise, modify, change, upgrade, suspend, impose limitations or restrictions on, deny access to, remove, or discontinue the Services at any time without prior notice. Third-Party Providers may enforce this Agreement against me and take action against me for my breach of this Agreement. I further acknowledge that I am subject to any agreements for the receipt and use of real time market data as distributed by the Securities Information Processors, such as those agreements governing subscriber use published at CTAplan.com.

**c. Limitation of Liability.** The Services are provided "as is" and "as available." You, your affiliates, the Third-Party Providers and their respective licensors, employees, distributors, or agents make no representations with respect to the system and expressly disclaim all warranties. Subject to Applicable Rules, in no event will you, your affiliates, the Third-Party Providers or their respective licensors, employees, distributors, or agents be liable to me or any third party for any direct, indirect, incidental, special, punitive, or consequential losses or damages of any kind with respect to the Services.

I am solely responsible for my investment research, and neither you nor any Third-Party Provider make any representations, warranties, or other guarantees as to the accuracy or timeliness of any market data; nor do you or any Third-Party Provider make any representations, warranties, or other guarantees as to the present or future value or suitability of any sale, trade, or other transaction involving any particular security or any other investment.

**d. Intellectual Property.** My use of the Services will not confer any title, ownership interest, or intellectual property rights to me. The Services are protected under U.S. patent, copyright laws, international treaties or conventions and other laws, and will remain the exclusive property of you or Third-Party Providers. Company names, logos, and all related product and service names, design marks, and slogans of you or your affiliates or any Third-Party Provider are the property of the respective company. I am not authorized to use any such name or mark in any advertising, for publicity, or in any other commercial manner.

**e. Cookies.** You use cookies on websites and my browser will need to accept all cookies for it to perform fully. Certain features of the websites may also require the acceptance of cookies.

**f. Hyperlinks.** The websites may include hyperlinks to websites, owned or operated by affiliated or unaffiliated third parties. Neither you nor Third-Party Providers are responsible for the content or availability of such other websites, and shall not be responsible or liable for any loss in connection with reliance on such sites.

## 8. BROKERAGE SERVICES

**a. Order Routing and Executions.** Unless I specify the market for execution, you decide where to route my orders for execution. You consider a wide variety of factors in determining where to direct my orders, such as execution price, opportunities for price improvement (which is when an order is executed at a price that is more favorable than the displayed national best bid or offer),

market depth, order size and trading characteristics of the security, efficient and reliable order handling systems and market center service levels, speed, efficiency, accuracy of executions, and the cost of executing orders at a market. If I instruct you to route my order to a particular market for execution ("Direct Routing"), and you accept my order and instruction, you are not required to make a best execution determination beyond executing the order promptly and in accordance with the terms of my order. Instructions to direct my order to certain market centers could incur additional fees.

**b. Deposit and Order Refusal; Account Restrictions.** You reserve the right not to accept the deposit of funds or particular securities into my Account and may refuse any of my orders. You also reserve the right to place trading, disbursement, and other restrictions on my Account. You may restrict my Account from withdrawals or trading if there is a reasonable suspicion of fraud, diminished capacity, inappropriate activity, or if you receive reasonable notice that the ownership of some or all of the assets in my Account is in dispute. I will not hold you liable for any loss I may incur due to your refusal to permit any deposit, withdrawal, or transaction.

**c. Trade Execution and Price.** You route orders to markets for prompt execution in view of prevailing market conditions, but there can be delays in the processing of orders. I understand and agree with the following:

- The quoted price may not reflect the trading activity from all markets.
- High volumes of trading at the market open or intraday may cause delays in executions and result in prices significantly different from the price quoted at the time the order was entered.
- Markets may handle orders manually and may reduce size guarantees during periods of volatility, resulting in possible delays in order execution, and losses.
- The execution price I receive may be impacted by numerous factors beyond your control and responsibility, including the type of security, liquidity, and the size of my order. For example, large or "block" orders or orders involving illiquid securities may take additional time to execute and may execute at prices significantly different from the quoted price.
- The execution of market and stop-market orders may be at a price significantly different from the quoted price of that security. Limit orders will be executed only at a specified price or better, but there is the possibility that the order will not be executed.
- Securities traded in over-the-counter bulletin board and pink sheet securities and other thinly traded securities present particular trading risks in that they are often more volatile and generally less liquid than securities traded on exchanges. You reserve the right to place restrictions on the trading of such securities without prior notice.
- I may suffer market losses during periods of volatility in the price and volume of a particular stock when systems issues result in an inability to place buy or sell orders.

**d. Payment for Order Flow.** You may receive remuneration from markets for directing orders to them. The source and amount of these payments are available upon written request. Markets may act as principals to buy, sell or hold securities for their own accounts, and they may make money when executing your trade.

Rule 607 of Regulation NMS requires broker-dealers to disclose, upon opening a new customer account and on an annual basis thereafter: (i) its policies regarding receipt of payment for order flow, including a statement as to whether any payment for order flow is received for routing customer orders and a detailed description of the nature of the compensation received; and (ii) its policies for determining where to route customer orders that are the subject of payment for order flow absent specific instructions.

The firm receives compensation for directing listed and OTC securities, and options order flow to selected market centers (e.g., broker dealers, exchanges and alternative trading systems) for execution. Compensation generally is in the form of a per share or per contract cash payment. The potential for receipt of order flow payment is not a factor in the routing determination. TD Ameritrade also may receive compensation related to the foreign currency exchange component of transactions in foreign securities from market centers executing such trades. In accordance with SEC Rule 606, TD Ameritrade posts quarterly reports that detail the material market centers to which TD Ameritrade routes orders in NMS Securities and TD Ameritrade's material relationships with those market centers. This report

is made available at [www.tdameritrade.com/historical-606-disclosure.page](http://www.tdameritrade.com/historical-606-disclosure.page) or in written form upon request. As required under SEC Rule 606(b)(1), on request, TD Ameritrade will provide the identity of the market center to which your orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the executions, if any, that resulted from such orders. This applies to both held and not held order flow.

TD Ameritrade regularly assesses the execution quality provided by the market centers to which we route order flow in seeking best execution for our clients. For non-directed client orders, it is our policy to route orders to market centers based on a number of factors that are more fully discussed in the Supplemental Materials of FINRA Rule 5310, including where applicable, but not necessarily limited to, speed of execution, price improvement opportunities, differences in price disimprovement, likelihood of executions, the marketability of the order, size guarantees, service levels and support, the reliability of order handling systems, customer needs and expectations, transaction costs and whether the firm will receive remuneration for routing order flow to such market centers. Price improvement occurs when an order is executed at a price that is more favorable than the displayed national best bid or offer.

**e. Payment for Transactions.** All orders that I authorize will be processed with the understanding that I will pay for any purchase and deliver certificates to cover all sales on or before the settlement date. All sell orders that I place will be for securities that I own ("long") and in deliverable form at the time I place the order, unless I inform you otherwise.

You reserve the right to require full payment, or an acceptable equity deposit, prior to the acceptance of any order. I will have the required cash, available funds, or equity in my Account prior to the execution and/or settlement of a purchase or short sale transaction, and the required securities in my Account prior to the execution and/or settlement of a long sale. If I do not have sufficient funds or securities in my Account, you have the right to liquidate or buy in securities at my expense, and I will be responsible for any cost or loss.

**f. Payment of Indebtedness Upon Demand.** If I incur and indebtedness in an account held with one of your affiliates, such as Charles Schwab Futures and Forex LLC, I understand and acknowledge that you and your affiliates may decide to transfer my indebtedness to my Account. Subject to Applicable Law, I will be liable for the payment upon your demand of any obligations owing in my Account, including the reasonable costs incurred in collecting such amounts.

**g. Security for Indebtedness.** I consent to you having a continuing security interest in, right of set-off to and lien on all securities, cash, investment property, and other property in my Account ("Collateral"). Subject to Applicable Rules, and without prior notice to me, you may sell or transfer the Collateral to satisfy my obligations. You also have the discretion to determine which securities and other properties are to be sold and which contracts are to be closed. You have all the rights of a secured party under the Uniform Commercial Code.

**h. Short Sales.** I will designate any sell order as a "short" sale if at the time I place the order I do not own the security I intend to sell or am unable to deliver the security before settlement. All short sales will be executed in a Margin Account.

**i. Mutual Funds and ETFs.** I authorize you to custody mutual fund holdings that I purchase directly through you. When purchasing a mutual fund, I acknowledge that I have received and read the fund prospectus. Mutual fund purchases may be subject to investment minimums, eligibility and other restrictions, as well as charges and expenses. Certain money market funds may impose liquidity fees and redemption gates in certain circumstances.

Some mutual funds sold through you impose a charge on the purchase of shares, called a "sales load." I may be able to purchase mutual fund shares through you without paying a front-end sales load, but I may be charged a fee, called a "contingent deferred sales charge," when I sell or redeem my shares. You may receive part or the entire sales load.

As discussed in the prospectus, some mutual funds agree to waive or reduce front-end sales loads for purchases over certain amounts. I am responsible for determining and obtaining any waivers, breakpoints, or providing you with sufficient information to assist me in obtaining such.

You may receive remuneration from fund companies, including, those participating in your no-load, no-transaction-fee program, for record-keeping, shareholder services, and other administrative and distribution services. The amount of your remuneration for these services is based in part on the amount of investments in such funds by your clients. Some mutual funds impose a distribution or service fee known as a "12b-1 fee." You may receive the 12b-1 fees in connection with my investment in such fund's shares. If I invest online in no-transaction-fee mutual funds ("NTF funds") directly through you, I will not pay a transaction fee. I also may be able to purchase mutual funds directly from the fund's distributor or underwriter without incurring a transaction fee. You receive remuneration from fund companies participating in the NTF fund program. NTF funds have other fees and expenses that apply to continued investment in the fund that are described in the prospectus. TD Ameritrade receives remuneration from certain ETFs (exchange-traded funds) that participate in commission-free ETF program for shareholder, administrative, and other services.

**j. Cash Features Program.** The Cash Features Program is a service you provide that permits uninvested funds, or "free credit balances," in my Account to earn income until I decide how to invest the funds in a longer-term investment. My uninvested funds may earn interest through available alternatives, which are referred to as "Features." The Feature I select, or where applicable the Feature assigned to my Account, is referred to as the "Designated Feature." I understand that I may not be eligible for some Features.

The Features available in the Cash Features Program include "sweep" vehicles ("Sweep Vehicles") into which my funds are automatically deposited or invested (i.e., swept). Currently, the Sweep Vehicles available are the TD Ameritrade FDIC Insured Deposit Account ("IDA") Feature and the money market fund Feature. Certain eligibility requirements currently apply to each of the IDA Feature and the money market fund Feature.

My Account may not be eligible for the IDA Feature. I must maintain assets in my Account with a minimum market value of \$50,000 ("Minimum Account Value") to be eligible for the IDA Feature. The Minimum Account Value requirement will be applied separately to each of my Accounts. If my Designated Feature is the IDA Feature, you may at any time determine that the value of assets in my Account is below the Minimum Account Value and you may provide me with written notice that my Designated Feature will be changed to the TD Ameritrade Cash Feature. I will be provided with an opportunity to meet the Minimum Account Value by a date specified in the written notice to retain the IDA Feature for my Account. If I no longer qualify for the IDA Feature, my funds will be withdrawn from the Program Banks (as defined below) in the IDA Feature and will be held in my Account in the TD Ameritrade Cash Feature. I understand and acknowledge that there may be benefits to TD Ameritrade, the Program Banks, or both, from withdrawing my funds from the IDA Feature and holding them through the TD Ameritrade Cash Feature.

At any time, you may impose new eligibility criteria, change existing eligibility criteria, or replace the Sweep Vehicles available to me. You may, in your discretion, grant exceptions to your eligibility criteria to one or more customers without granting such exceptions to me. You may also change the terms and conditions of any Sweep Vehicle at any time. You will give me advance notice of any such change in the Sweep Vehicles. I understand that if I am no longer eligible for my then-current Sweep Vehicle, upon prior notice, you may withdraw or redeem my funds or shares from that Sweep Vehicle and invest or deposit the proceeds in the replacement Designated Feature described in the notice. My Account will be subject to the terms and conditions of my new Designated Feature.

Through the Cash Features Program, you also provide the TD Ameritrade Cash Feature, in which uninvested funds in my Account will remain in my Account and earn interest paid by TD Ameritrade. My funds in the TD Ameritrade Cash Feature are covered by the SIPC within applicable limits, as further described in the Client Agreement.

The TD Ameritrade Cash Feature is the only Feature available to customers who reside outside the United States of America and its Territories. If my Designated Feature is the IDA Feature and I either reside or move outside the United States of America and its Territories, I understand that TD Ameritrade will, upon 30-days written notice, change my Designated Feature to

TD Ameritrade Cash and my funds in the Deposit Accounts at the Program Banks in the IDA Feature will be withdrawn and placed in my Account in the TD Ameritrade Cash Feature.

If I am eligible for more than one Feature, I may instruct you to change my Designated Feature at any time to another of the Features for which I am eligible, and acknowledge that upon such instruction you may withdraw or redeem my funds or shares from my Designated Feature, as applicable, and transfer such balances to the new Designated Feature.

Proceeds from the sale of securities in my Account will be placed in my Designated Feature following settlement. The proceeds of any checks that I deposit to my Account will be placed in my Designated Feature on the Business Day after receipt by you and will begin earning dividends or interest on that day. Access may be withheld for up to four Business Days to assure that such checks have not been returned unpaid.

I acknowledge that you will automatically withdraw or redeem my funds or shares maintained in a Designated Feature to satisfy my obligations in my Account. I authorize you to select and use agents as you deem appropriate. Fees relating to each Feature will vary depending on the Feature. No portion of these fees will reduce or offset the fees otherwise due to you unless required by Applicable Rules.

If my Designated Feature is a Sweep Vehicle, and my Account is flagged as a "Pattern Day Trader," you may change my Designated Feature to TD Ameritrade Cash.

Each of the three Features is described below.

**1. TD Ameritrade FDIC Insured Deposit Account.** Through the IDA Feature, the available cash in my Account will be automatically deposited into an interest-bearing money market deposit account ("Deposit Account") at one or more banks ("Program Banks"), whose deposits are insured by the FDIC. Certain of the Program Banks include Charles Schwab Bank, SSB; Charles Schwab Premier Bank, SSB; and Charles Schwab Trust Bank, each of which is an affiliate of you. You will maintain a list of the current Program Banks at the following link on your website: [tdameritrade.com/idaprogrambanks](https://tdameritrade.com/idaprogrambanks).

The Deposit Accounts at the Program Banks are held in the name of Clearing as agent for its customers. My funds at each Program Bank will be eligible for FDIC insurance in an amount equal to \$250,000 for principal and accrued interest per depositor in each recognized legal capacity. The IDA has been structured to provide me with access to at least two Program Banks, which may be affiliated or unaffiliated with you, resulting in up to \$500,000 in FDIC insurance per depositor in each recognized legal capacity. Subject to deposit limits pursuant to agreements with the Program Banks, to the extent that my cash is being deposited into more than two Program Banks, it is possible for me to obtain total FDIC insurance in excess of \$500,000 per depositor in each recognized legal capacity.

In addition, you will determine the order of the Program Banks in the IDA for the purposes of accepting deposits based on several factors including, but not limited to, minimum and maximum deposit balances agreed to with a particular Program Bank and the contractual arrangement between you and a particular Program Bank. My deposits swept to Deposit Accounts through the IDA Feature, aggregated with any other of my deposits held at each Program Bank in the same legal capacity, are eligible for FDIC insurance coverage.

Questions about FDIC insurance coverage may be directed to you. Information also may be obtained by contacting the FDIC, by letter (550 17th Street NW, Washington, D.C. 20429), by phone (877-275-3342, 800-925-4618 (TTY)), by email using the FDIC's online Customer Assistance Form, or by accessing the FDIC website at [fdic.gov](https://fdic.gov). Learn more about FDIC coverage by using the FDIC's Electronic Deposit Insurance Estimator at [edie.fdic.gov/](https://edie.fdic.gov/).

My uninvested funds in each of my Accounts will be deposited into a Deposit Account at one or more Program Banks in an amount up to \$247,500 in a Deposit Account at any Program Bank, except for "the Excess Bank" which will receive deposits without limit, even if the amount in the Deposit Account at the Excess Bank exceeds the FDIC insurance available to me. The complete list of Program Banks including "the Excess Bank" is included on your website at [tdameritrade.com/idaprogrambanks](https://tdameritrade.com/idaprogrambanks). I may contact you to determine the list of Program Banks assigned to my Account.

Any deposits (including certificates of deposit) that I maintain in the same insurable capacity directly with a Program Bank, or through an intermediary (such as you or another broker), will be aggregated with deposits in my IDA at such Program Bank for purposes of determining my maximum FDIC insurance amount. I am responsible for monitoring the total amount of deposits that I maintain at the Program Banks to determine the extent of FDIC coverage available to me. I acknowledge that Deposit Accounts constitute obligations of the Program Banks and are not your obligations.

I can obtain publicly available financial information concerning each Program Bank at [www.fdic.gov/news/publications/pichardcopies.html](http://www.fdic.gov/news/publications/pichardcopies.html) or by contacting the FDIC Public Information center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, VA 22226 or by phone at 703-562-2200. You do not guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning the Program Banks. You will not be responsible for any insured or uninsured portion of the IDAs. Funds in my Account will be automatically swept daily to Deposit Accounts at the Program Banks. As required by federal regulations, the Program Banks have the right to require seven days' prior notice before permitting a withdrawal out of a savings account. Currently, the Program Banks do not intend to exercise this right. In addition, savings accounts you hold as agent for me at a Program Bank may have transfer limits that prevent using such accounts as a transaction account. The following applies to the Deposit Accounts:

- When funds in my Account are first available for deposit into the Deposit Account at a Program Bank, you, as my agent, will open the Deposit Account on my behalf at the Program Bank and you will deposit the available funds from my Account into the Deposit Account at the Program Bank. Once the deposit limit at the first Program Bank is reached, funds will be deposited in the next Program Bank up to the deposit limit. Once my deposits reach the deposit limit at each Program Bank available to me, all remaining uninvested funds will be deposited in the Excess Bank, without limit and without regard to the FDIC insurance limit. You will periodically rebalance my Deposit Accounts so the total amount of my funds in the Deposit Accounts at Program Banks remains below applicable FDIC insurance limits (except for the Excess Bank, which has no limit).
- All withdrawals necessary to satisfy debits in my Account will be made by Clearing, as my agent. A debit will be created when I purchase securities or request a withdrawal of funds from my Account.
- My Account statement will display the name of each Program Bank with which I have deposits, the balance of deposits at each Program Bank, any deposits and withdrawals made during the month, and the applicable interest rate and amount of interest earned on my deposits. You, not the Program Banks, are responsible for the accuracy of my Account statements, including transactions in the Deposit Accounts maintained through the IDA Feature. I may contact you at 1-800-669-3900 for information about my balances or if I have questions about my Account statement.
- The deposit limit at the Program Banks is set slightly below FDIC-insurance thresholds to allow for accrued interest on deposits. The deposit limit at the Program Banks is set at \$247,500 (\$495,000 for Joint Accounts), which may be reset from time to time based on FDIC-insurance limits and the interest rate environment. If interest paid on my funds in the Deposit Account at one of the Program Banks results in my total funds in the Deposit Account exceeding the deposit limit at that Program Bank, the Deposit Accounts will be rebalanced the next day and the amounts in excess of the deposit limit will be transferred to another Program Bank.
- I may not change the Program Banks, the order in which funds are deposited into the Program Banks, or the maximum deposit amount at any Program Bank. I may withdraw from the IDA Feature at any time and use another Feature.
- I will earn interest on my deposits in the Deposit Accounts in accordance with the rates or tiered rates available to me as determined by you. I understand that rates may vary based on the offering or the level of my assets held with you. Interest rates earned in the Deposit Accounts will vary over time but will be paid consistent with the rate or tiered rate you make available to me regardless of which Program Bank holds my cash. The interest rates paid with respect to the IDA Feature may be higher or lower

than the interest rates available to depositors making deposits directly with the Program Banks or other depository institutions in comparable accounts. The current interest rate will be available on <https://www.tdameritrade.com/pricing/margin-and-interest-rates.html>, or I may contact you to obtain the current rate. Interest will accrue on balances from the day they are deposited into the Deposit Account through the Business Day preceding the date of withdrawal from the Deposit Account. Interest will be accrued daily and credited on the last Business Day of each month. You use the daily balance method to calculate interest on my Account.

- My Relationship with you and the Program Banks
  - Clearing will act as my agent in depositing funds into the Deposit Accounts and withdrawing funds from the Deposit Accounts. No evidence of the Deposit Accounts, such as a passbook or certificate, will be issued to me. Ownership of the Deposit Accounts at the Program Banks will be evidenced by a book entry on the records of the Program Banks, and by records maintained by Clearing. I will contact you if I believe there has been any unauthorized activity between my Account and Deposit Accounts at the Program Banks, or if I have any complaints regarding the Deposit Accounts at the Program Banks.
  - You may terminate my use of the IDA Feature. If you terminate my use of the IDA Feature, or do not wish to continue to act as my agent with respect to a Deposit Account, I may deal directly with the Program Banks, subject to their rules, with respect to establishing and maintaining Deposit Accounts. In the event you terminate my use of the IDA Feature, you will inform me of the replacement Feature or Features available to me. Similarly, if I decide to terminate my use of the IDA Feature, or that I no longer wish to have Clearing act as my agent with respect to the Deposit Accounts, I may establish a direct depository relationship with the Program Banks, subject to the Program Banks' rules. Establishing a direct depository relationship with the Program Banks will result in the separation of my balances in my Deposit Accounts at the Program Banks from my Account.
  - Unless I establish the Deposit Accounts directly with a Program Bank as described above, any instructions regarding the movement of my funds in the IDA Feature must be provided by you to the Program Banks, and information concerning the Features may only be obtained from you. The Program Banks will not accept instructions directly from me with respect to my Deposit Accounts held through the IDA Feature, nor provide me directly with information concerning this Feature.
- I understand and acknowledge that the Program Banks benefit from having my funds placed through the IDA Feature because they use IDA balances to fund current and new investment and lending activity. The Program Banks seek to make a profit by achieving a positive spread between their cost of funds and the return on their assets, net of expenses. You receive a volume-based fee from the Program Banks that are not affiliated with TD Ameritrade that ranges from 0.70 to 1.00%. In the case of Program Banks that are affiliates, you will receive a fee of up to \$100 per account. You have the right to waive all or part of this fee. The rate of the fee that you receive may exceed the interest rate or effective yield that I receive in my balances in the Deposit Accounts. Other than the applicable fees charged on brokerage accounts, there will be no charges, fees, or commissions imposed on my Account for this Feature. The current IDA interest rate will be disclosed on your website and may be changed without prior notice.
- My deposit into Deposit Accounts at the Program Banks may need to be limited if one or more Program Banks stop accepting deposits. You will provide advance notification via your website, or other reasonable means, if any Program Bank is removed from the IDA Feature, and if advance notice is not practicable, you will notify me as soon as is reasonably practicable. If a Program Bank ceases to make its Deposit Accounts available through the IDA Feature, I will be given an opportunity to establish a direct relationship with that Program Bank outside of the IDA Feature, or else my funds will be transferred to another Program Bank participating in the IDA Feature, if available.
- In the event that FDIC insurance payments become necessary, the FDIC is required to pay principal plus unpaid and accrued interest to the date of the closing of the relevant Program Bank, as prescribed by applicable laws and regulations. Because there is no specific time period during which

the FDIC must make available such insurable payments, there may be a delay in obtaining insurable payments. In addition, I may be required to provide documentation to the FDIC and you, before any insurance payouts are released to me. If the Deposit Account balances are held by me as trustee for the benefit of trust participants, I may be required to furnish an affidavit to that effect.

- You may change the IDA Feature terms and conditions by providing me advance notice.

**2. TD Ameritrade Cash.** If TD Ameritrade Cash is my Designated Feature, you will pay interest on available cash in my Account, the rate of which may be changed without prior notice. Interest will be accrued daily and credited on the last Business Day of each month. You may vary interest rates among clients in connection with special offers or combinations of services or in other circumstances. TD Ameritrade Cash represents balances pending investment and is not maintained solely for receiving credit interest. You segregate customer cash consistent with the Securities and Exchange Commission rules and regulations. I understand and acknowledge that you may earn income from holding my funds in the TD Ameritrade Cash Feature. Interest rates are set at our discretion and can change daily. Interest accrues daily and is credited to my Account on or before the last Business Day of each month. To participate in the TD Ameritrade Cash Feature, I must maintain the uninvested funds in my Account for the purpose of investing in securities. The TD Ameritrade Cash Feature is not a bank account or other bank obligation, is not guaranteed by any bank, and is not insured by the FDIC.

**3. Money Market Funds.** Investments in money market funds are subject to eligibility and other restrictions, as well as charges, and expenses, all as further described in the prospectus. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any other government agency, or you, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share. I understand that I will receive period statements for sweep transactions involving money market funds in lieu of immediate confirmations.

I understand and acknowledge that you may receive fees for providing marketing and shareholder services to money market funds. In addition, Clearing may act as transfer agent for certain funds and may receive payment for such services provided to such funds. I understand and acknowledge that the fees you and Clearing receive are disclosed in the prospectus for the fund.

**k. Callable Securities.** I consent to your lottery system for allocation of partial redemption or calls. A description of your procedures for callable securities is available on your website, or hard copies are available upon request.

## 9. MARGIN TRADING

**a. Margin Account.** When I purchase securities on margin, I am borrowing money from you and pledging all securities and other property in my Account as collateral for these loans. I agree to evaluate my own financial situation, resources, investment objectives, and other relevant circumstances to determine whether margin transactions are appropriate for me. You will not make this determination. Even if I determine that margin is appropriate for me, you determine whether to make such loans to me. I also understand that trading securities on margin involves a variety of risks, including the following:

**1. I can lose more funds than I deposit in the margin Account.** A decline in the value of securities that I purchase on margin may require me to provide additional funds to you to avoid the forced sale of those securities or other securities or assets in my Account. I could lose more than the amount I deposit in my Account.

**2. You can force the sale of securities or other assets in my Account.** If the equity in my Account falls below the maintenance margin requirement, or any higher "house" requirements, you can sell the securities or other assets in any of my Accounts to cover the margin deficiency. I also will be responsible for any shortfall in the Account after such a sale.

**3. You can sell my securities or other assets without contacting me.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Although you may attempt to notify me of margin calls, you are not required to do so, and even if you have contacted me and provided a specific date by which I can meet a margin call, you can still take necessary steps to protect your financial interests, including immediately selling securities without notice to me.

**4. I am not entitled to choose which securities or other assets in my Account are liquidated or sold to meet a margin call.** Because the securities are collateral for my margin loan, you have the right to decide which securities to sell in order to protect your interests.

**5. You can increase your "house" maintenance margin requirements at any time, and you are not required to provide me advance written notice of the change.** These changes to your policy often take effect immediately and may result in the issuance of a maintenance margin call. My failure to satisfy the call may cause you to liquidate or sell securities in my Account.

**6. I am not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to clients under certain conditions, I do not have a right to any extension. You will determine whether to provide an extension.

**b. Initial Margin and Margin Maintenance Requirements.** There are rules and regulations covering margin loans, including the initial and margin maintenance requirements for margin Accounts. You may impose more stringent margin requirements, which may change without notice to me.

To trade on margin, my Account must maintain at least \$2,000 in minimum equity. I will meet the margin requirement in my margin Account before entering any order and will satisfy any additional requirements you may require. You may apply all premiums received from options writing against my margin requirements. I have the obligation to monitor the balances in my margin Account to ensure that I maintain sufficient amounts to meet margin requirements at all times. I agree to read carefully the TD Ameritrade Margin Handbook before purchasing securities on margin.

You may decline to extend credit to me for any reason, subject to Applicable Rules. There may be times when you have extended credit on certain securities, but due to market or other conditions, you may require additional cash or securities.

**c. Margin Interest.** I will pay interest on any credit provided to me for the purpose of purchasing, carrying, or trading in any security.

**d. Margin Interest Rates.** You utilize a base rate ("Base Rate") to set margin interest rates. My margin interest rate will vary based on the Base Rate and the margin balance ("Balance") in my margin Account during the interest period. The Base Rate may be changed without prior notice to me. You will post on the websites any changes to the Base Rate.

**e. Interest Calculation.** For each day there is a debit balance in my Account, the interest charged for that day is calculated by multiplying the applicable interest rate by my debit balance, with the result divided by 360. The sum of the daily interest charges is totaled at the end of each Account statement period and is posted to my Account on the last Business Day of the Account statement period. I will not earn interest on credit balances in my short Account.

**f. Short Sales.** Sales designated as "short" are done in my margin Account, and are subject to different margin maintenance requirements than securities purchased on margin. Short sales are subject to certain regulatory rules and cannot be executed under certain market conditions. You may not always have the securities available to facilitate my short sale. You may, without notice, "buy-in" securities to cover any short security position in my Account. I will reimburse you for any losses that you may incur. You may require me to deposit Collateral if the Collateral in my Account becomes insufficient. Short sale proceeds are part of the Collateral that secures your loan to me. I am also liable for all dividends paid, and all other distributions of cash or property, on securities that I have sold short.

**g. Pledge of Securities and Other Property.** You may pledge, repledge, hypothecate, or re-hypothecate, without notice to me, all securities and other property that you hold, carry, or maintain or for any of my margin or short Accounts. You may do so without retaining in your possession or under your control for delivery the same amount of similar securities or other property. The value of the securities and other property that you may pledge, repledge, hypothecate, or re-hypothecate may be greater than the amount I owe you, and any losses, gains, or compensation that result from these activities will not accrue to my Account.

**h. Loan of Securities/Dividend “Payments in Lieu”.** You are authorized to lend to yourself or others any securities you hold in my Account and to carry all securities lent as general loans. In connection with such loans, you may receive compensation and retain certain benefits that I will not be entitled to, such as interest on Collateral posted for such loans. In certain circumstances, such loans may limit my ability to exercise voting rights with respect to the securities lent. I may request that fully paid securities not be used in connection with short sales. I understand that in certain situations including when you have borrowed my securities or when trades or securities loans are in the process of settling, I may receive a “payment in lieu” of the dividend issued (see Margin Handbook for more details).

## 10. OPTIONS TRADING

If I elect to engage in options transactions, I will be bound by the following additional terms:

**a. Suitability.** Options are not suitable for all investors. Options trading has inherent risks and I am prepared financially to undertake such risks and to withstand the losses that may be incurred. I acknowledge I have received or have been given access to the “Characteristics and Risks of Standardized Options” by the Options Clearing Corporation (OCC).

### **b. General Terms.**

- I am responsible for knowing the rights and terms of all options in my Account. I agree to be bound by the FINRA, OCC, and exchange rules applicable to the trading of options contracts.
- If my options trading occurs in a margin Account, it is subject to the terms and conditions applicable to margin trading.
- Settlement on options cleared through the OCC is the Business Day after the trade date. I shall not exceed the position and exercise limits imposed by the rules of the OCC.
- I am responsible for instructing you as to my intention to exercise options contracts before the expiration date. Absent proper and timely exercise instructions from me, you have no obligation to exercise any right, privilege or obligation of any option for my Account. I agree that my failure to provide you with proper and timely instructions may result in the option expiring worthless, even though it may have a monetary value on the expiration date. I agree to read carefully the Margin Handbook for additional terms and important information regarding options exercise.
- You collect information only to establish option trading permission and not for the purpose of monitoring Account holdings or option positions.
- You and Clearing are authorized to take steps to protect their position and any obligation they have assumed at my request without notifying me.
- If I write (short) a call options contract that requires the delivery of securities to be sold, I may be required to keep the securities in my Account until the expiration of the options period and may not be allowed to sell or withdraw the securities.
- If I write (short) a put options contract that requires payment for securities to be purchased, I may be required to keep sufficient funds in my Account to make the payment until the expiration of the options period, and may not be allowed to withdraw the funds or use them for any other purpose. If I am assigned on the options, Clearing may use the funds for the purchase of the securities without prior notice to me.
- All short equity and some index options positions are available for assignment. Exercise assignment notices for equity or index options are randomly allocated among all clients’ short positions.

## 11. INITIAL PUBLIC AND FOLLOW-UP OFFERINGS

You may participate as underwriter or a member of the selling group of, and provide access to, Initial Public Offerings (IPOs) and follow-up offerings. If I participate in such, I will be bound by additional terms.

## 12. ARBITRATION

**This Agreement contains a predispute arbitration clause. By signing an arbitration clause, the parties agree as follows:**

- All parties to this Agreement are giving up their right to sue each other in court, including the right to jury trial, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.
- No person will bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (1) the class certification is denied; (2) the class is decertified; or (3) the client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate will not constitute a waiver of any rights under this Agreement except to the extent stated herein.

I agree that any controversy between you and your affiliates, any of their respective officers, directors, employees, or agents and me (including any of my officers, directors, employees, or agents) arising out of or relating to this Agreement, our relationship, any Services provided by you, or the use of the Services, and whether arising before or after the date of this Agreement, shall be arbitrated and conducted under the provisions of the Code of Arbitration of the FINRA. If any party unsuccessfully resists confirmation or enforcement of an arbitration award rendered under this Agreement, then that party shall pay all costs, attorneys’ fees, and expenses incurred by the other party or parties in confirming or enforcing the award. Arbitration must be initiated by service upon the other party of a written demand for arbitration or notice of intention to arbitrate. Judgment, upon any award rendered by the arbitrator, may be entered in any court having jurisdiction.

## 13. ADVICE

- a.** Unless otherwise noted by you in writing, you will act only as broker-dealer and not as an investment advisor governed by the Investment Advisers Act of 1940.
- b.** When I act as a self-directed investor, I am responsible for determining the suitability of any particular investment strategy, transaction, or security. You have no responsibility for any such determination unless you otherwise agree in writing, or you or your representative gives advice directly to me that is identified clearly as a recommendation by you to enter into a particular transaction or to buy, sell, or hold a particular security or securities.

c. From time to time, in connection with my Account, you may provide investment-related guidance or recommendations to me. In the event that a recommendation is made, you and/or your representative shall have my informed consent to deliver the Form CRS Customer Relationship Summary for TD Ameritrade or its affiliates, as required ("Form CRS") - as well as any other notices, disclosures, or communications - to any mailing address, email address or facsimile number that I provide in connection with either the Account, or any other accounts that I open or otherwise maintain with you. I understand that I can also access the Form CRS by visiting [tdameritrade.com/regbi](http://tdameritrade.com/regbi). I understand and acknowledge that it is incumbent on me to provide you with current and accurate contact information for the delivery of these documents. I acknowledge that I shall read and understand the Form CRS - as well as any other notices, disclosures, or communications - prior to acting upon any such recommendation. I agree that when you make a recommendation to me, you determine whether it is suitable and in my best interest at the time of the recommendation. If the recommended transaction is not effected contemporaneously with your recommendation, I agree you will have no liability if I choose to effect such transaction in the future. Furthermore, when you are acting as broker-dealer for my Account, I agree that you have no ongoing duty to ensure a recommendation continues to be suitable for me. Rather, I have an affirmative duty to monitor profits and losses in my Account, along with my investment goals and risk tolerance and to modify my trading decisions accordingly.

d. Unless otherwise agreed to in writing, you do not have discretionary authority over my Account or an obligation to monitor, review or make recommendations for the investment of securities or cash in my Account.

e. Any research, analysis, news, or other information made available by you does not constitute an individualized recommendation by you to buy, sell, or hold a particular security.

f. You do not provide legal, tax, or estate planning advice.

#### 14. MISCELLANEOUS

a. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provisions shall be fully severable. In such event: (1) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision has never comprised a part of this Agreement or was modified to be legal, valid, and enforceable; and (2) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provisions or by its severance from this Agreement, to the extent permitted by Applicable Rules.

b. **Account Handbook.** The Account Handbook provided to me upon account opening, and available on your websites, contains important information about my Account. I will refer to the Account Handbook to learn additional information about the handling of trade orders, the receipt and delivery of funds, account policies, and other general account information.

c. **Entirety of Agreement.** This Agreement, any attachments hereto, the addenda and other agreements referred to in this Agreement and the terms and conditions contained in the Account statements and confirmations contain the entire agreement between you and me; and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written, between me and you, provided, however, any and all other agreements if any, between me and you and your affiliates, not inconsistent with this Agreement will remain in full force and effect, and if there are any conflicts between this Agreement and any attachments or other agreements, this Agreement shall prevail.

d. **Assignment and Escheatment.** I may not assign this Agreement or any rights or obligations under this Agreement without first obtaining your prior written consent. You may assign, sell, or transfer my Account and this Agreement, or any portion thereof, at any time, without my prior consent. The assets in my Account may be transferred to the appropriate state if no activity occurs in my Account within the time period specified by state law.

e. **Amendment.** You reserve the right to amend this Agreement without prior notice to me or as required by Applicable Rules. The current version of the Agreement will be posted on the websites and my continued Account activity after such amendment constitutes my agreement to be bound by all amendments to the Agreement, regardless of whether I have actually reviewed them. You are not bound by any verbal statements that seek to amend the Agreement.

f. **Termination.** You may terminate this Agreement, or close, deactivate, or block access to my Account. If you decide to close my Account and I fail to transfer it to another broker, you may liquidate my Account and send me the proceeds. I will remain responsible for the payment of all obligations incurred in my Account or otherwise. I may terminate this Agreement after paying any obligations owed upon written notice. The Agreement survives termination of the Account.

g. **Force Majeure.** You will not be liable for loss caused directly or indirectly by conditions beyond your reasonable control, including but not limited to Force Majeure events. "Force Majeure" means events that are beyond the reasonable control of a party, including but not limited to the following: disasters, extraordinary weather conditions, earthquakes or other acts of God, war, insurrection, riot, labor strikes, terrorist acts, government restrictions, exchange or market rulings, suspension of trading, computer or communication line failure, or failure of market centers or transmission facilities.

h. **Indemnification.** I agree to indemnify and hold harmless you, your affiliates, and Third-Party Providers and your and their respective officers, directors, employees, agents, and representatives from any and all liabilities, losses, costs, judgments, penalties, claims, actions, damages, expenses, or attorney's fees (collectively "Losses") resulting or arising directly or indirectly from use of the Services or transactions in my Account, except to the extent that such Losses are the direct result of your gross negligence or willful misconduct.

i. **Waiver.** Your failure to insist on compliance with this Agreement will not constitute a waiver of any of its rights.

j. **Admissibility of Documents in Proceedings.** All documents in any format are considered to be true, complete, valid, authentic, and enforceable records of the applicable document, admissible in judicial or administrative proceedings to the same extent as if the documents and records were originally generated and maintained in printed form. I will not contest the admissibility or enforceability of your copy of the documents in any proceeding arising out of this Agreement.

k. **Governing Law, Jurisdiction, and Venue.** This Agreement will be governed by the laws of the State of Nebraska, but not its conflicts of law provisions. I hereby consent to the jurisdiction of and venue within the State of Nebraska for all disputes arising out of or relating to this Agreement.

l. **NJ State Law.** New Jersey law prohibits contractual provisions that violate the legal rights of a NJ consumer or responsibility of a seller. No provision in this Agreement shall apply to any NJ consumer if it violates any such right or responsibility, including grounds for redress based on: (i) your tortious actions; (ii) the NJ Punitive Damages Act; (iii) the NJ Uniform Commercial Code; or (iv) your failure to protect reasonably against criminal acts of third parties.

m. **Worthless Securities.** You may remove a worthless security from my account including, and without limitation to, the following circumstance: your primary custodian, the Depository Trust Company, has deemed the security eligible for removal and you have reviewed and determined, to the best of your ability, that the security has no market value. I agree to waive any claim to any future distribution from the security and agree to indemnify and hold you harmless from any claims, liability, or damages resulting from the removal of such security. If I provide you with evidence of the value of the security from an independent third party within 60 days of receiving your account statement noting the removal, you will review and, if able to, reinstate my position.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., members FINRA/SIPC, are subsidiaries of The Charles Schwab Corporation.

TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

© 2021 Charles Schwab & Co. Inc. All rights reserved.

# FACTS

## WHAT DOES TD AMERITRADE DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and financial account numbers
- Account balances and transaction information
- Income and employment information

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons TD Ameritrade chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does TD Ameritrade share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We do not share
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We do not share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We do not share

### To limit our sharing

- Log in to [tdameritrade.com](https://tdameritrade.com), and go to **Client Services > My Profile > Communication Preferences > Information Sharing**; or
- Contact a Client Services representative at 800-326-7141.

**Please note:**

If your account is managed by an independent investment advisor, your account preferences are already set to limit our sharing.

If you are a new client, we can begin sharing your information 30 days from the date we sent this notice. When you are no longer our client, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

### Questions?

Call 800-326-7141 or email [privacy@tdameritrade.com](mailto:privacy@tdameritrade.com).

## Who we are

**Who is providing this notice?**

TD Ameritrade, Inc. and its divisions and TD Ameritrade Holding Corporation and its family of companies, including TD Ameritrade Investment Management, LLC. TD Ameritrade Holding Corporation is a wholly owned subsidiary of The Charles Schwab Corporation.

## What we do

**How does TD Ameritrade protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

For more information, please visit [tdameritrade.com/security.page](https://tdameritrade.com/security.page).

**How does TD Ameritrade collect my personal information?**

We collect your personal information, for example, when you

- Open an account or make deposits or withdrawals from your account
- Direct us to buy securities or direct us to sell your securities
- Tell us about your investment or retirement portfolio

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

**What happens when I limit sharing for an account I hold jointly with someone else?**

Your choices will apply to everyone on your account.

## Definitions

**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Our affiliates include companies with a TD Ameritrade or Charles Schwab name; nonfinancial companies such as TD Ameritrade Media Productions Company.

**Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- TD Ameritrade does not share with nonaffiliates.

**Joint marketing**

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- TD Ameritrade doesn't jointly market.

## Other important information

**For Nevada Residents.** We are providing you this notice pursuant to state law. You may be placed on our internal Do Not Call List by calling 800-326-7141. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: 702-486-3132; email: [BCPINFO@ag.state.nv.us](mailto:BCPINFO@ag.state.nv.us).

**For Vermont Residents.** In accordance with Vermont law, we will not share information we collect about Vermont residents with companies who are not affiliates, except as permitted by law, such as with your consent or to service your accounts. We will not share information about your creditworthiness with our affiliates without your authorization or consent, but we may share information about our transactions or experiences with you with our affiliates without your consent.

**For California Residents.** In accordance with California law, we will not share information we collect about you with nonaffiliates, except as allowed by law. For example, we may share information with your consent or to service your accounts. Among our affiliates, we will limit information sharing to the extent required by California law.

TD Ameritrade, Inc., member FINRA/SIPC, a subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. © 2021 Charles Schwab & Co. Inc. All rights reserved.

PO Box 2209 ■ Omaha, NE 68103-2209

Securities industry regulations require that brokerage firms inform their clients of their plans to address the possibility of a business disruption that potentially results from key types of scenarios: loss of technology, loss of workplace, loss of personnel or other events. TD Ameritrade has a comprehensive business continuity program in place, which is reviewed, updated and tested on a regular basis. The program is intended to maintain business operations such as processing client orders and transactions, providing access to cash and securities, and providing access to information about balances and transactions in client accounts.

Examples of how TD Ameritrade's plan addresses disruptions of varying scope and magnitude include:

- Disruption of service at any of our service centers may result in calls, orders, and electronic communications being rerouted to an alternative service center located in a different region of the country with a separate power grid and transportation system.
- In the event of a public health crisis that resulted in a high rate of employee absenteeism, TD Ameritrade's plan focuses available personnel on critical business functions that directly support client needs and financial markets. Additionally, we may enact our conditional work from home and/or workforce continuity plan, which includes social distancing and other policies to limit exposure.
- A significant disruption in our primary data center may result in the recovery of systems at an alternate data center. Our data centers are each supported by backup power generators and are located in different regions of the country with different power grids and transportation networks.

While no contingency plan can eliminate all risk of service interruption or temporarily impeded account access, we continually assess and update our plans to mitigate all reasonable risk. Any modifications to our plan will be reflected in this Business Continuity Plan Statement, which will be posted on our website, or you may obtain a current version of this Statement by writing us at TD Ameritrade, Inc., Compliance Department, P.O. Box 2148, Omaha, NE 68103-2148.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., members FINRA/SIPC, are subsidiaries of The Charles Schwab Corporation.

TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

©2021 Charles Schwab & Co. Inc. All rights reserved.



PO Box 2760 ■ Omaha, NE 68103-2760

Fax: 866-468-6268

## TD Ameritrade Investment Management, LLC Service Agreement

This Agreement is entered into by TD Ameritrade Investment Management, LLC (“TDAIM,” “we,” “our,” or “us”) and the client (“client,” “you,” or “your”) and each client who has signed it as referenced in section 20 below. The parties agree to the following:

- 1. Our Appointment.** The Selective and Essential Portfolios services are provided by TDAIM, an investment advisor and a wholly owned subsidiary of TD Ameritrade Holding Corporation. (“TDAHC”). TDAHC is a wholly owned subsidiary of The Charles Schwab Corporation (“Schwab”). Based on your planned funding, investment objectives, risk tolerance, investment time horizon, and other information (including any reasonable restrictions) you have provided to TDAIM (“your Profile Information”), we will recommend an asset allocation strategy (“Strategy”) for your portfolio as described in Attachment A, B, or C hereto. The Strategy may include the use of Exchange Traded Funds (“ETFs”), closed-end funds, open-end mutual funds and cash and cash alternatives. By entering into this agreement (“Agreement”), you authorize us to advise you on investing your assets in your TD Ameritrade Investing Account (“your TDAIA Account”) at our affiliate TD Ameritrade, Inc. (“TD Ameritrade”) on a discretionary basis pursuant to the applicable Strategy. TDAIM shall assume all investment duties with respect to the Strategy assets in your TDAIA Account and shall have sole discretion with respect to such assets. TDAIM’s responsibilities include the initial allocation and ongoing rebalancing of your portfolio (buy, sell, exchange, or otherwise trade) based upon your Profile Information and according to the investment policy for your Strategy as selected above. We are not authorized to withdraw cash or securities from your TDAIA Account other than fees as described in Section 8.

TDAIM will place uninvested cash in your TDAIA Account into a cash sweep vehicle. We will also maintain a portion of your portfolio in cash, which generally will be 0.5% to 3% of the total portfolio. The cash buffer ensures the availability of cash for payment of our advisory fee and provides liquidity to cover potential price changes in market orders. In taxable accounts, the cash sweep vehicle is the TD Ameritrade FDIC Insured Deposit Account (“IDA”) provided by one or more banks (“Program Banks”). Beginning in March 2021, three of the Program Banks will be Schwab subsidiaries. The IDA is insured up to the applicable limits. In nontaxable accounts, the cash sweep vehicle is a U.S. Government money market fund, the Vanguard Treasury Money Market Fund. Investments in money market funds are subject to restrictions, charges, and expenses described in the prospectus. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any government agency, TDAIM or its affiliates, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share. You understand that you will receive periodic statements for sweep transactions involving money market funds in lieu of immediate confirmations.

- 2. Your Profile Information.** We will advise you as to the assets in your Strategy according to your Profile Information. You represent that your Profile Information is accurate and complete in all material respects. **You agree to notify us promptly of any change in your Profile Information or of any change that may affect the manner in which we should advise allocating or investing the assets in your TDAIA Account.** We will adhere to any privacy statement we adopt (as amended from time to time) regarding keeping such information confidential unless you otherwise instruct us to disclose this information, or such disclosure is necessary to comply with legal requirements or to administer our advisory services. We will provide substantially the same model portfolio to different clients with substantially the same Profile Information responses. TDAIM will ensure that the requirements of Rule 3a-4 of the Investment Company Act (which provides a nonexclusive safe harbor from the definition of “Investment Company” for certain investment advisory programs) are satisfied. Clients are entitled to impose reasonable restrictions on our management of their portfolios pursuant to Investment Company Act Rule 3a-4. Any management restriction they may wish to impose is subject to review and approval of TDAIM. The TDAIM investment strategy is the recommendation of diversified asset allocation portfolios across a broad range of asset classes. We have no influence or control over the mix of securities held by any mutual fund or ETF in which client portfolios may be invested. Therefore, restrictions such as no nuclear energy, gambling, tobacco, or firearm securities will not be honored, unless you choose to invest in Essential Portfolios, Socially Aware Portfolios. Portfolios with imposed management restrictions may experience different performance from accounts without restrictions, possibly producing lower overall results. For more information, please see the TDAIM Form ADV Part 2A (Disclosure Brochure). The Profile Information you provide to TDAIM will be used by us in conjunction with the Selective and Essential Portfolios services only and will not be used by us or by TD Ameritrade or any affiliates with respect to or in connection with the offering of any other service you may use.
- 3. Account Opening Information.** To help the government fight the funding of terrorism and money-laundering activities, federal law requires our affiliated broker, TD Ameritrade, to verify your identity by obtaining your name, date of birth, address, and a government-issued identification number before opening your account. In certain circumstances, TD Ameritrade may obtain and verify this information with respect to any person(s) authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships, or other organizations, identifying documentation is also required. Your selected portfolio will generally be implemented in the next available trading window after your TDAIA application and other required account documentation have been reviewed and approved. Margin and options accounts are not permitted in a TDAIA Account. In addition, TDAIM generally does not allow clients to fund their TDAIA Accounts with cash borrowed from a margin account either from another TD Ameritrade brokerage account or other broker dealer account. You acknowledge having received account documentation, agreements and risk disclosure forms, including the TDAIM Disclosure Brochure.



If you are opening a TDAIA Trust Account, you certify that you ("Trustees") have the power, under the Trust Agreement or applicable law, to open a brokerage account, enter an advisory relationship, and enter into purchases and sales of securities as well as all other transactions in a cash account. You further acknowledge that the request to open a TDAIA Account using our advisory service is consistent with the terms and conditions of the Trust or applicable law. You jointly and severally indemnify TDAIM and its affiliates and hold TDAIM and its affiliates harmless from any liability for effecting any transactions if we act pursuant to instructions given by any of the individuals listed on the TDAIA account. You agree to immediately inform TDAIM, in writing, of any amendment to the Trust, any change in the composition of the Trustees, or any other event which would materially alter the advisory relationship.

If you are opening a TDAIA Corporate/Business Account, in the event any of the authorized parties cease to be members of the business entity, you authorize TDAIM: (a) to continue to treat such person as a member for all purposes, and as bound by this authorization until such time as one of the authorized parties, or such person's representative, delivers a written notice to TDAIM, at the address set forth above, to the effect that such person has ceased to be a member and will no longer be bound by this authorization, and (b) to take such proceedings, require such papers, retain such portion of, or restrict transactions in the business account as we may deem advisable to protect it against any liability, penalty, or loss under any present or future law or otherwise. It is further agreed that, in the event any of the authorized parties cease to be a member of the business, the remaining member(s) will immediately notify TDAIM of such fact. No notice of revocation, or of any of the authorized parties ceasing to be a member of the business, shall affect any authority hereby granted or any liability in any way resulting from transactions initiated prior to the receipt of the written notice thereof by TDAIM.

If you are opening a TDAIA Beneficiary IRA Account, you jointly and severally indemnify TDAIM and its affiliates and hold TDAIM and its affiliates harmless from any liability for effecting any transactions if we act pursuant to the Profile Information or any other instructions given by any of the individuals listed on the TDAIA account.

Your account may be restricted and/or closed if TD Ameritrade cannot verify this information. TD Ameritrade will not be responsible for any losses or damages (including, but not limited to, lost opportunities) resulting from any failure to provide this information, or from any restriction placed upon, or closing of, your TDAIA Account.

Any information you provide to TD Ameritrade may be shared with third parties for the purpose of validating your identity and may be shared for other purposes in accordance with TD Ameritrade's Privacy Statement. Any information you give to TD Ameritrade may be subject to verification, and you authorize TD Ameritrade to obtain a credit report about you at any time. Upon written request, you will be provided the name and address of the credit-reporting agency used.

Our advisory services generally are not available to foreign investors. In order to open a TDAIA Account at TD Ameritrade, you generally must: (i) be a U.S. person or entity (including a permanent resident), (ii) have a valid U.S. address (with the exception of United States military personnel residing outside of the United States with Army Post Office ("APO") or Fleet Post Office ("FPO") addresses), and (iii) have a valid U.S. taxpayer identification number.

- 4. Funding Your Account.** TDAIM may in its discretion accept securities owned by you into your TDAIA Account if the securities were previously recommended by us. TDAIM may, in its discretion, accept mutual funds owned by the client into his or her TDAIA Account if the mutual funds are compatible with his or her Strategy. We may accept and use a compatible mutual fund in the client's portfolio, even if the mutual fund share is of a different share class than the share class of the mutual fund approved for use in our advisory service. For example, if a client transfers in a retail share class mutual fund, and we use a lower expense share class of the same mutual fund, we may retain the retail share class of the mutual fund in the client's portfolio. Accepting the retail share class mutual fund will benefit clients as they will be able to invest in their selected portfolio more quickly. In addition, it may help reduce potential tax liabilities from selling the retail class shares and then buying the lower expense share class. On a weekly basis, TDAIM will review client accounts that transferred in different share classes of compatible mutual funds and will convert share classes to the approved share class where we believe doing so would be beneficial to the client (for example: to help lower the client's expenses). The limitations on compatible securities contained in this paragraph apply to both initial and subsequent contributions. We will assume discretion as to the compatible securities, and you acknowledge that all or a portion of the contributed securities may be redeemed, either initially or during the course of management of your Strategy. You further acknowledge that there may be tax implications from the redemption, sale, or exchange of the compatible securities and you will be responsible for any tax liabilities which result from the transactions. In the event that the redemption (or exchange) of compatible securities would otherwise give rise to contingent deferred sales charge ("CDSC"), you will be responsible for the CDSC.

In certain circumstances, TDAIM clients will transfer incompatible securities into their TD Ameritrade Investing Account and the following will apply: (i) if a client deposits an incompatible security into a newly funded TD Ameritrade Investing Account, we will not start charging our advisory fee, nor will we commence making investments, until the incompatible security is removed from the account; (ii) If a client deposits an incompatible security into an existing TD Ameritrade Investing Account within 30 days of the account's initial investments, we will provide a fee credit for the amount of time the incompatible security was held in the TD Ameritrade Investing Account up to and through 30 days after the initial investment; (iii) Any incompatible security remaining in or deposited into the TD Ameritrade Investing Account beyond 31 days or more following the initial investment will be considered non-managed and will not disrupt management of the portfolio nor assessment of our advisory fee on the remaining compatible assets in the account. [For example, if an existing client with an initial investment date of July 1 deposits an incompatible security into his/her account on July 15 and the incompatible security remains in the account until August 10, TDAIM will credit back the fees for July 15 through July 31. However, if the incompatible security remains in the account only until July 24 rather than August 10, TDAIM will credit back the fees for July 15 through July 23]; and (iv) if the TD Ameritrade Investing Account is restricted (for example on account of an estate issue, a divorce issue, a court order, etc.) TDAIM will provide a fee credit from the time we are notified of the restriction.

Further, to the extent the client deposits incompatible securities into their TD Ameritrade Investing Account, TDAIM will not assume discretion as to such securities. The client is required to either sell or transfer the securities promptly. Any client transactions in that regard are the client's responsibility and not based on any recommendation from us. If the incompatible securities are sold by the client, TD Ameritrade does not charge commissions on equity (exchange-listed US stocks) or ETF (domestic and Canadian) transactions and the sale generally is on an unsolicited basis. Any sale of securities or other assets to fund the client's TD Ameritrade Investing Account may result in expenses, fees or other charges (such as mutual fund deferred sales charges) as well as tax liabilities. The client is responsible for seeking the advice of a tax professional prior to selling any securities or other assets. In certain circumstances, TDAIM may enter the transactions to implement the client's selected portfolio using the available cash balance and work with the client to promptly remove the incompatible securities.

If you set up automatic recurring deposits, it is possible that smaller deposits may not always be invested as investing and your portfolio rebalancing occur when certain parameters are triggered (which is designed to keep your portfolio close to its target allocation).

- 5. Distributions and Systematic Withdrawals.** (*Systematic Withdrawals generally available with the Selective Supplemental Income Portfolios. Available with the Selective Core Mutual Fund, Core ETF, Managed Risk, Opportunistic Portfolios, and Essential Portfolios on an exception basis only.*) You have the option to enable the Systematic Withdrawal feature provided by TDAIM and TD Ameritrade. The Systematic Withdrawal feature provides a mechanism for you to withdraw funds from your portfolio on a scheduled basis. You may request to withdraw funds from your TDAIA Account by using a TDAIM distribution form, a TD Ameritrade distribution, transfer or conversion form, or by providing verbal instructions to a TDAIM service representative. When implementing a distribution, transfer, conversion, or the Systematic Withdrawal feature, TDAIM will fill your withdrawal request in the following order:

- 1) Immediately Available Cash (excess cash above your target cash allocations), and if additional funds are needed;
- 2) Funds in Cash To Invest, and if additional funds are needed;
- 3) Funds in Non-Managed Funds, and if additional funds are needed;
- 4) Placing trades to generate cash (trades will be entered at the next available trading window after receipt and approval of the distribution form or instructions).

For Dividends and Interest only distributions, your request will be filled with accumulated dividends and interest, and for systematic withdrawals (specified dollar amount), accumulated dividends and interest may also be used.

If trades are placed to generate cash, TDAIM will enter the orders with TD Ameritrade Clearing, Inc. on a discretionary basis in your TDAIA Account on or shortly after receipt of your instructions. TDAIM intends to maintain your portfolio as closely as possible to the target asset allocation. However, frequent trades may lead to minor deviations from the target asset allocation weights from time to time. In addition, you will receive standard TD Ameritrade confirmations as to each trade placed in your TDAIA Account.

You understand that taking distributions or systematic withdrawals from your account may reduce the value of your account below the minimum initial investment. If your account goes below \$5,000 for a Core, Opportunistic, Supplemental Income or Managed Risk portfolio or \$5,000 for an Essential Portfolio, you understand and acknowledge that the scheduled withdrawals may be canceled. To re-enable the Systematic Withdrawal feature after cancellation, your account value must be greater than the minimum initial investment amount and you are required to submit a new Systematic Withdrawal request.

Furthermore, you understand that if your account goes below the minimum initial investment, there may be a risk that the asset allocation of your portfolio may vary from the target asset allocation and you understand that withdrawals requiring the placing of trades may not be processed if your account has unresolved maintenance issues including incompatible securities held in your TDAIA account.

You understand that our advisory service is generally intended for long-term investors with a minimum investment time horizon of one year and is not intended to be used for short-term trading portfolios. You acknowledge that there may be tax implications from the redemption, sale, or exchange of securities and you will be responsible for any tax liabilities, expenses, fees, or other charges which result from the transactions, and in the event that the redemption (or exchange) of securities would otherwise give rise to CDSC, you will be responsible for the CDSC. You further acknowledge that you are responsible for seeking the advice of a tax professional prior to selling any securities or other assets. Any sale of securities may result in short-term tax implications.

The Systematic Withdrawal feature provides a mechanism for you to withdraw funds from your portfolio on a scheduled basis. By doing so, you may be withdrawing dividends, interest, and principal (by going beyond the dividend and interest income). When invading principal, your portfolio value may decrease substantially, especially if you invest in a portfolio with a riskier investment objective. In addition, your withdrawal amounts and portfolio value will fluctuate due to market conditions and other factors. If you enable the feature, you may want to re-evaluate your financial situation and needs at least once a year.

You may choose to disable the Systematic Withdrawal feature at any time until 7:30 p.m. ET of the day prior to making the cash withdrawal. Disabling the Systematic Withdrawal feature will disable the feature with respect to all future cash withdrawals. In the ETF portfolios, if you request a Required Minimum Distribution from your retirement account within the last three trading days of the calendar year, we cannot guarantee that your distribution request will be processed by year end as each time a ETF transaction is completed in a cash account, those funds will not settle for a full two trading days after the trade date. If we receive your request in the last three trading days of the calendar year and you have an existing taxable TD Ameritrade brokerage account, TDAIM reserves the right to transfer your Required Minimum Distribution and/or IRA contribution for tax purposes in fund shares to the retail brokerage account in lieu of transferring cash.

Withdrawal requests involving the liquidation of securities typically settle two business days after the day the order executes. For example, if the securities in your portfolio are liquidated on Monday, the funds from the liquidation are typically available on Wednesday. A client request for withdrawal involving the liquidation of securities with a same day settlement instead of the typical trade date plus two days is only permitted under certain circumstances. If permitted, the client agrees and understands that the request may not be in your best interest and i) TDAIM is not recommending the transactions; ii) TDAIM will liquidate the largest position in your portfolio to fulfill the request and if additional funds are needed, the next largest position will be liquidated and so on until the request is filled; and iii) your portfolio will typically rebalance the next trading day to bring your portfolio back to its target allocation, which may result in a wash sale and tax implications as described in Section 6.

Any and all agreements between you and TD Ameritrade, its parents, or affiliates will remain in full force and effect, including but not limited to the terms and conditions of your TD Ameritrade brokerage account(s) and other related accounts or services. TDAIM reserves the right at any time, and without prior notice to you, to make such minor revisions in the Systematic Withdrawal feature as we may deem necessary or appropriate.

## **6. Tax-Loss Harvesting.**

TDAIM offers a tax-loss harvesting ("TLH") feature. It is a strategy designed to help us manage your portfolio in a tax-efficient manner by seeking to lower your taxes by selling securities at a loss to offset potential capital gains. Tax-loss harvesting is not appropriate for all investors. It generally is more beneficial to investors in higher tax brackets and high tax states. For more information, please see our whitepaper at <https://www.tdameritrade.com/investment-guidance/investment-management-services/tax-loss-harvesting/tax-loss-harvesting->

[wash-sales.page](#).

The TLH feature is currently only available in taxable accounts utilizing the Essential Portfolios or Selective Portfolios services, which use ETFs as the investments. In addition, accounts with investment restrictions and/or holding alternative ETFs are not eligible for the TLH feature.

For clients who have enrolled in the TLH feature, each trading day TDAIM will review your account for any ETFs that have unrealized losses. Specifically, we look at the individual tax lot to identify investment losses meeting or exceeding a specified loss threshold and dollar amount. If these thresholds are met, that tax lot will be sold. To replace the sold security, we will attempt to buy shares of a replacement security if there is a replacement security available that fits your portfolio's asset allocation and risk characteristics and itself is not subject to the 30 day wash sale period. TDAIM does not represent or guarantee that the objectives of the TLH feature will be met or that a replacement security will be available when a tax lot is sold. In some instances with the Socially-Aware portfolio models, the availability of a replacement security with the appropriate environmental, social governance characteristics will be limited. In these instances, TDAIM generally utilizes non-socially aware ETFs as a replacement and then rebalance back into the primary ETFs after the wash sale period has passed. Wash sales, missed tax-loss events, excess cash or inadvertent gains may be generated. The performance of the replacement security may be better or worse than the performance of the security that is sold for tax-loss harvesting purposes. TDAIM will execute the tax-loss harvesting trades on a best efforts basis as there are situations when we are unable to harvest losses due to possible wash sale avoidance or to avoid excess cash in the portfolio. In addition, during volatile markets, small gains may be harvested as the price of the security being sold for a loss may move between the time of the TLH calculations and the scheduled daily trading job. When you enroll in the tax-loss harvesting feature, the enrollment is on an account basis and does not apply to other TDAIM portfolios you may have.

**TDAIM and its affiliates do not provide tax advice. We suggest you consult with a tax-planning professional with regard to your personal circumstances as to whether the TLH feature is appropriate for you.**

You should educate yourself regarding the Internal Revenue Service ("IRS") wash sale rule. The IRS identifies the specifics of this rule in IRS Publication 550. In brief summation, the IRS established the wash sale rule to limit an investor's ability to claim a tax loss. If you do not have any capital gains or you have more losses than gains, you can use up \$3,000 of investment losses to offset your income.

The IRS prohibits an investor from claiming a tax loss if an investor repurchases the same security (or a substantially similar security) either 30 days before OR 30 days after selling a security for a loss. To evaluate whether an investor violated the wash sale rule or not, the entire trading activity of an investor must be reviewed. Our TLH feature is only available on an account basis and does not apply to other TDAIM portfolios you may have. Each eligible TDAIM portfolio must be enrolled separately in the TLH feature. Accordingly, we do not base tax loss situations on activity that happens in your other TDAIM portfolios or any other brokerage account. So it is important to review all your taxable and nontaxable accounts including your spouse's accounts and accounts of business entities controlled by you to determine if you run the risk of violating the wash sale rule. The wash sale rule postpones losses on a sale, if replacement shares are bought around the same time.

#### **7. Transactions in Your Account; Custody.**

- (A) You authorize and direct TD Ameritrade or an affiliate, as agent, to use its own execution services to effect transactions for your TDAIA Account. TD Ameritrade's responsibility is limited to executing transactions pursuant to the directions of TDAIM or yourself. TD Ameritrade will not act as an investment advisor to your TDAIA Account.
- (B) You also authorize TD Ameritrade or an affiliate (such as its affiliated clearing broker, TD Ameritrade Clearing, Inc.) to act as custodian for assets held in your TDAIA Account. You agree to open a TDAIA Account at TD Ameritrade and to execute the applicable TD Ameritrade account agreement(s).
- (C) You are responsible for any tax liabilities which result from transactions in your TDAIA Account (including any arising from the addition of assets to or withdrawal of assets from your account). You are encouraged to seek the advice of a tax professional. You acknowledge that TDAIM and TD Ameritrade do not provide tax or legal advice.
- (D) TD Ameritrade shall provide you the following reports: (1) Trade confirmations reflecting all transactions in securities, and (2) Account statements (submitted at least quarterly) including securities held in the TDAIA Account and an account history of transactions and advisory fees paid. The trade confirmations and statements will be considered binding on you unless you notify TD Ameritrade of any objections within five days from the date confirmations are sent and within 10 days after account statements are sent.

#### **8. Annual Advisory Fee and Investment Amounts.**

You will pay us an annual advisory fee based on a percentage of the billable assets in your Strategy at the applicable rate set forth in the applicable Attachment. Please note all fees are subject to change. The annual advisory fee is calculated quarterly and applied in advance. The fee will be deducted from your TDAIA Account. The fee is calculated on the assets in your Strategy at the end of the preceding quarter and is charged at the beginning of each quarter. To the extent that you deposit securities other than ones compatible with your Strategy into your TDAIA Account, an advisory fee will not be assessed on them, but the securities will be subject to standard brokerage commissions. Advisory fees are not charged on assets that are not directly under TDAIM's management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client-initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for all other assets, including cash held within the portfolio strategy.

Our annual advisory fee covers TDAIM's ongoing advisory services for your Strategy. The fee does not cover charges resulting from transfer taxes, exchange fees, Securities and Exchange Commission (SEC) fees, odd-lot differentials, handling charges, electronic fund and wire transfer fees, and any other charges imposed by law or otherwise agreed to with regard to your TDAIA Account. In connection with our advisory service, TD Ameritrade will waive commissions on all transactions in your Strategy.

The advisory fee is based on the total value of assets in your Strategy that may be aggregated for fee purposes and is prorated based on days with our advisory service. Should you open a TDAIA Account during a quarter, TDAIM will collect a prorated fee for the balance of the quarter upon the account funding. Should you close any of your accounts during a calendar quarter, we will retain an amount equal to the advisory fee for the period your account assets were invested for the quarter. Applicable Strategy assets are determined on the last business day of the quarter.

By executing this Agreement, you authorize us to debit your TDAIA Account to pay TDAIM's fee. In the event there is an insufficient cash balance in your TDAIA Account to cover the fee or a debit balance, you authorize us to redeem a sufficient number of shares of any money

market or other fund or other security in your Strategy or withdraw cash from the cash sweep vehicle held in your TDAIA Account. In addition, you authorize us, as permitted by law, to impose a lien on all assets held for you by TD Ameritrade or its affiliates, whether in your TDAIA Account or otherwise, to satisfy fees due to TDAIM. You are responsible for any tax liabilities which result from transactions in your account arising from liquidation to pay fees due to TDAIM. Please note that our advisory fees may be waived, in whole or in part, at the sole discretion of TDAIM, including in connection with promotional efforts. We reserve the right to negotiate fees in individual circumstances for clients with large account values or multiple accounts. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade. We reserve the right to change our fee policies at our discretion. We will provide you with reasonable advance notice of any change in the advisory fees to be paid by you.

The TDAIM annual advisory fee does not include underlying ETF, closed-end fund, or open-end mutual fund expenses taken at the individual fund level. These are the standard expenses that all shareholders pay. The expenses include underlying fund advisory fees and other fund service fees. The mutual funds available in the TDAIM portfolios may be available directly from the fund companies, per the terms of the fund prospectuses and without paying our advisory fees. However, the mutual funds may be subject to applicable sales charges and other restrictions. Please refer to the fund prospectus for more information. ETFs are available outside of TDAIM without paying our advisory fee but will be subject to trade commission and/or other transaction charges. Conversely, TDAIM may provide access to mutual funds or classes of funds that our clients may not be qualified to purchase outside of our advisory service.

Mutual fund companies utilized by the Selective Portfolio service reserve the right to charge fund-imposed, short-term redemption fees as detailed in the fund prospectus on transactions initiated through client requests to raise cash.

The minimum investment for each Strategy is described in the applicable Attachment. If the market value of your account falls below the minimum for your Strategy due to your withdrawing assets from the account, you understand that there may be a risk that the asset allocation of your portfolio may vary from the target asset allocation. Due to the lack of funds, we may require you to deposit additional money to bring the account up to the required minimum, and we reserve the right to discontinue our advisory relationship with you and transfer the securities into a like-titled brokerage account with TD Ameritrade.

The maximum investment amount will vary depending on the model selected and your Profile Information. If your investment amount exceeds the maximum for your model, you will be contacted by a TDAIM service representative to discuss the suitability of your model. We reserve the right to restrict trading and billing on your TDAIA Account until you are contacted and the issue is resolved.

9. **Prospectuses.** All investments in ETFs, closed-end funds, and open-end mutual funds are subject to the terms of the relevant prospectus, including associated fees. You acknowledge that it is your responsibility to read all prospectuses, including the prospectuses of any ETF, closed-end fund, and open-end mutual fund, into which you exchange, when they are received and to notify us immediately of any terms of the prospectuses that are not acceptable to you. You will receive a prospectus for each applicable security in your TDAIA Account from the security issuer, their service provider, or TD Ameritrade.
10. **Valuation.** For statement purposes, the market value of mutual funds held in your TDAIA Account will be determined based on the net asset value of each fund. In computing the market value of any individual securities or ETFs held in your TDAIA Account, if applicable, we will value individual securities and ETFs listed on a national securities exchange at the closing price, as of the valuation date, on the principal exchange or market on which such individual securities or ETFs are traded. Individual securities that are not listed on a national securities exchange will be valued in a manner determined by us in good faith to reflect market value.
11. **Proxy Voting, Corporate, and Legal Actions.** You understand that neither TDAIM, TD Ameritrade, nor any of its affiliates or associates will vote (or advise you about the voting of) proxies for the securities held in your TDAIA Account or about any legal proceeding, including bankruptcies or class actions, or corporate actions, including any tender offer, involving securities held in your TDAIA Account.
12. **TD Ameritrade Account Features.** TD Ameritrade can enable you to transfer money between your bank account(s) and your TDAIA Accounts by wire transfer from your bank (with no contribution limit), by electronic bank deposit (ACH, with a \$250,000 contribution limit) or by check (with no contribution limit). These options have different standard completion times.
13. **Risk Acknowledgement.** Investments in your TDAIA Account are subject to the risks associated with investing in the securities applicable to your Strategy, such as ETFs, closed-end funds, open-end mutual funds, common and preferred stocks, U.S. government and government agency bonds, mortgage-backed and municipal bonds, corporate bonds, real estate investment trusts, cash, and cash alternatives. Such investments will not always be profitable. We do not guarantee the results of any advice or recommendations, or that the objectives of the investment vehicles or your TDAIA Account will be met. TDAIM will not offer any advice regarding any of your assets not being managed by us. However, if during the establishment of your relationship or during a periodic review you inform us of any restrictions you would like us to take into account, we will consider the reasonableness of the restrictions, and accept them if they are reasonable, and we may include them in connection with our determination of the most appropriate model portfolio Strategy. Except as otherwise provided by law, we will not be liable for:
  - Any loss resulting from following your instructions or using inaccurate, outdated, or incomplete information you provide,
  - Any act or failure to act by ETFs, closed-end funds, open-end mutual funds, and other securities or any of their agents or any other third party, and
  - Any loss in the market value of your TDAIA Account, except for losses resulting from our bad faith or gross negligence.

Federal and state securities laws impose liabilities in certain circumstances on persons who act in good faith, and nothing in this Agreement waives or limits any rights you have under those laws. You understand that we may buy and sell securities in your TDAIA Account fairly often pursuant to your agreement herein to grant trading authority to TDAIM, and that each buy and sell in a nonretirement account may be a taxable event for you.

TDAIM reserves the right to restrict trading and billing in your TDAIA Account in certain circumstances, such as if your current model becomes inappropriate or you submit new investment restrictions that are not compatible with your model. A TDAIM service representative will contact you to resolve the issues.

14. **Representations.** Unless you are employed by us or any of our affiliates, you also represent that you are independent of and unrelated to TDAIM or any of its affiliates. You represent that you have the authority to retain us to advise you on and implement your Strategy in your

TDAIA Account, to authorize us to invest nonretirement, IRA, or Retirement Plan or trust account assets in a managed portfolio, and to negotiate the terms of and enter into this Agreement. You agree to notify us in writing of any event that might affect your authority or the validity of this Agreement. You also represent that the documents establishing and governing your IRA, Retirement Plan, corporate/business, or trust account permit plan assets to be invested in shares of ETFs, closed-end funds, open-end mutual funds, cash and cash alternatives, and other types of securities recommended by us. You will promptly notify us in writing of any amendment of the IRA, Retirement Plan, corporate/business, or trust account documents that affects our rights or obligations, and such amendment will be binding on us only when agreed to by us in writing. You agree to indemnify and hold us and our affiliates harmless from and against all losses, costs (including court costs) or damages, whether direct, indirect, special, incidental, consequential, punitive, or otherwise of any kind, claims, demands, proceedings, suits and actions, and all liabilities and expenses (including legal fees) resulting from, in connection with, or arising out of any actions taken or not taken by us or our affiliates in good-faith reliance on representations made by or on behalf of you in this Agreement.

You hereby agree and provide your informed consent to receive communications from TDAIM electronically in lieu of paper communications. Communications will include notices, disclosures, Form ADV Part 2A or equivalent disclosure brochure, and regulatory communications. The communications will be delivered electronically to the email address provided on your TDAIA Account application. TDAIM may deliver paper communications to you from time to time; the delivery of such paper copies will not affect your consent to electronic delivery of communications. You may revoke this consent at any time in writing. The Essential Portfolios service is a discretionary advisory service. The Essential Portfolios are offered electronically via the Internet as the primary channel of interaction with TDAIM. Accordingly, Essential Portfolios clients need Internet access for activities such as monitoring their portfolio, updating their Profile Information, conducting cash and securities transfers, and communicating with our TDAIM service representatives. Essential Portfolios clients agree to receive notices including disclosure brochures, regulatory communications, and other materials electronically in lieu of paper communications. The communications will be delivered electronically to the email address provided on your TDAIA Account application.

- 15. Other Advisory Activities.** We and our affiliates provide advice and guidance on accounts for many types of clients and also conduct a broad range of other advisory and brokerage activities. The advice given to, or action taken for, any other clients or accounts, including our own accounts or the accounts of our affiliates and their related persons, may differ from the advice given or action taken for your TDAIA Account. We and our affiliates are not obligated to recommend to you any investment that may be recommended to, or bought or sold for, any other clients or accounts, including our own accounts and those of our affiliates and their related persons.
- 16. Termination.** Either party may terminate this Agreement at any time by written notice to the other party or if you close your related TDAIA Account. Furthermore, this Agreement will terminate automatically upon receipt by TDAIM or TD Ameritrade of legal notice of the death of the client. Termination of this Agreement will not affect any liability or responsibility with regard to transactions for the client's account, and you agree to be responsible for any commissions, fees, or expenses prior to termination. On termination, we will discontinue our advisory services for your TDAIA Account and will calculate and deposit into your TDAIA Account any fee refund due, which will be prorated based on the number of days your TDAIA Account was open during the quarter.

Furthermore, our advisory services are generally intended for long-term investors with a minimum investment time horizon of one year and are not intended to be used as short-term trading portfolios where unsolicited buying and selling of securities occur frequently. All trading activity is monitored; client-initiated transactions to raise cash (liquidate securities) or the switching of portfolio models resulting in security redemptions twice within any 90-day period in your TDAIA Account will be flagged for notification, or if you instruct TDAIM to not invest your portfolio in your selected Strategy and the portfolio remains in cash only for a 90-day period, and you may be contacted by a TDAIM service representative to explain the activity. We reserve the right to terminate this Agreement and transfer your funds and securities into a like-titled brokerage account with TD Ameritrade if you (i) frequently request the liquidation of securities in your recommended model or (ii) frequently switch models resulting in the sale and purchase of the underlying securities, or (iii) if your TDAIA Account is in cash only for a 180 day period with no activity, as this is not the objective of our advisory service.

We also reserve the right, and you authorize us, to close your TDAIA Account (either at the time of the termination of this Agreement or at a later date). Upon notice of our intention to terminate this Agreement, we may request instructions from you as to where assets should be transferred, but we reserve the right, and you authorize us, to modify the account number associated with your TDAIA Account, to place trading restrictions on your TDAIA Account, and to charge reasonable annual custody fees until such time as we receive such instructions from you. If transfer instructions are not received from you within the time period we may specify in our written notice for receipt of such instructions, we reserve the right, and you authorize us, to transfer securities and/or other assets to an identically registered brokerage account you may have already established with TD Ameritrade or any of its affiliates. If there is no such identically registered brokerage Account, you understand that a TD Ameritrade Brokerage Account may be opened for you. If your TDAIA Account only holds cash or cash alternatives, you agree that the proceeds will be delivered to you at your address of record. The Core Mutual Fund, Managed Risk Portfolio, and Supplemental Income Portfolios may use mutual funds or share classes that may not be available to you as a retail investor. If you terminate your advisory relationship with TDAIM, we reserve the right to redeem any and all shares of such funds and you may incur a gain or loss from the liquidation. In lieu of liquidation, if available, we reserve the right to convert the shares into a share class for which you are eligible and you will be subject to the terms and conditions including expenses per the mutual fund prospectus and there may be tax consequences.

You may have an economic and/or taxable gain or loss when securities are redeemed. In the case of a tax-advantaged retirement account, distributions may be taxable as ordinary income. Termination will not affect: (i) the validity of any action we have previously taken, (ii) any liabilities or obligations for transactions initiated before termination, or (iii) our right to retain fees for services rendered under this Agreement. We will have no obligation to recommend or take any action with regard to assets in your TDAIA Account after the termination of this Agreement (except as directed by you).

- 17. Miscellaneous.** This Agreement will bind and be for the benefit of the parties and their successors and permitted assigns. In addition, TD Ameritrade and its affiliated clearing broker, TD Ameritrade Clearing, Inc., will each be a third-party beneficiary of this Agreement and will be entitled to enforce this Agreement as if it were a party. This Agreement may not be assigned (within the meaning of the Investment Advisers Act of 1940, as amended ["Advisers Act"]) without your consent. Please note, however, that by executing this Agreement you are acknowledging your consent to the assignment of this Agreement that would result from the pending change in control of Advisor upon the closing of the Merger Agreement dated as of November 24, 2019 between Advisor's ultimate parent company TD Ameritrade Holding Corporation and its acquirer The Charles Schwab Corporation. If any provision of this Agreement is or becomes inconsistent with any law

or rule of any governmental or regulatory body having jurisdiction over the subject matter of this Agreement, the provision will be deemed rescinded or modified in accordance with such law or rule. In all other respects, this Agreement will continue in full force and effect.

No term or provision of this Agreement may be waived except in writing, signed by the party against whom such waiver is sought to be enforced. TDAIM reserves the right to modify or change this Agreement upon reasonable notice. Our failure to insist at any time on strict compliance with this Agreement or with any of the terms of this Agreement or any continued course of such conduct on our part is not a waiver by us of any of our rights or privileges. This Agreement (including Attachment A, B, or C, as applicable, and the Account Application, and also including the applicable IRA Custodial Agreement; and for Retirement Plans, to the extent not conflicting with the terms of either this Agreement or the Account Application, also including the underlying Retirement Plan Account Application or Contribution Form) contains the entire understanding between the parties concerning the subject matter of this Agreement. Headings are for convenience of reference only and are not part of this Agreement.

- 18. Predispute Arbitration Clause. Client and TDAIM agree that all controversies that may arise shall be determined by arbitration in accordance with the terms of the TD Ameritrade Client Agreement entered into with TD Ameritrade to establish the TDAIA Account. This does not constitute a waiver of any rights you may have under federal securities laws, including the right to choose the forum in which to seek resolution of disputes.**

Any notice given in connection with this Agreement (other than the reports specified above) will be deemed delivered if personally delivered or sent by U.S. mail, certified or registered, or overnight courier, postage prepaid with return receipt requested, and if addressed to us to the attention of TD Ameritrade Investment Management, LLC, 200 South. 108th Avenue, Omaha, NE 68154-2631 (or to another address specified by us in writing), and if to you at the address specified on your Account Application (or to another address specified by you in writing). This Agreement will be governed by the internal laws of the State of Nebraska, but nothing in this Agreement will be construed contrary to the Advisers Act or any rule or order of the Securities and Exchange Commission under the Advisers Act or the provisions of either the Internal Revenue Code of 1986, or the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Account Application will not be effective until we accept it in our offices. The Account Application may be executed in counterparts, each of which will be deemed an original.

- 19. Terms.** This Agreement shall be construed in conjunction with and be subject to the terms and conditions of the TD Ameritrade Client Agreement between you and TD Ameritrade.

- 20. Receipt of Disclosure Document and Agreement to Service Agreement.** This Agreement and our advisory services for your TDAIA Account are governed by the terms of the TDAIM Form ADV Part 2A disclosure brochure, which are incorporated by reference herein. By signing the accompanying TDAIM Personal and Financial Information Form, you agree to the terms of this Agreement and acknowledge receipt of our Form ADV Part 2A as required under Rule 204-3 of the Advisers Act.

This attachment to the TDAIM Service Agreement relates to the following strategy and is supplemented by your personal and financial information provided by you for your TDAIA Account:

## SELECTIVE PORTFOLIOS—USING MUTUAL FUND INVESTMENTS

CORE MUTUAL FUND PORTFOLIOS  
SUPPLEMENTAL INCOME PORTFOLIOS  
MANAGED RISK PORTFOLIO

**Minimum Initial Investment** – \$25,000 (minimum investment amount for corporate/business accounts is \$100,000)

**Maximum Initial Investment** – This will depend on model selected and suitability considerations.

### Investment Policy—General Description

**(Your current Investment Policy Statement is always available by logging into your TDAIA account.)**

Selective Portfolios using mutual fund investments, are diversified asset allocation models using open-end mutual funds, which will be provided only on a discretionary basis. The recommended models and mutual fund allocations are based on the client's planned funding, investment objectives, risk tolerance, time horizon, age, employment status, likelihood of significant withdrawals from your investment, and any reasonable restrictions (collectively, "Profile Information"). Asset allocation and investment selection services to be provided include:

1. Leveraging annual Capital Market Assumptions that are used to produce portfolio allocations;
2. Generation of strategic asset allocations for each model;
3. Selection of appropriate mutual funds for the portfolio models including as to mutual fund share classes;
4. Performance of ongoing due diligence of the funds used in the model portfolios;
5. Provision of recommendations for periodic tactical changes to the portfolio models based on changing market and economic conditions;
6. Provision of periodic recommendations for adding or removing funds from the models (that is: performance concerns, portfolio manager departures, market exposures, tactical positioning, etc.); and
7. Production of periodic client-facing marketing materials that typically contain market and portfolio analysis

TDAIM will use its qualitative and quantitative methodology to construct and recommend the asset allocation. The asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data and on implied risk and return estimates. TDAIM will reassess the asset allocation at least annually or more frequently as warranted by market conditions or different portfolio strategies. TDAIM will provide mutual fund investment recommendations and quarterly strategy evaluations. TDAIM will reassess the mutual funds in the model portfolios quarterly (or more frequently as warranted by market conditions) and will make updates to the portfolios.

TDAIM will have a primary mutual fund along with at least one alternate mutual fund for each asset class in consideration of client initiated investment restrictions. We will process the transactions for all applicable clients in the applicable models within a reasonable time frame.

Please note that if you fund your TDAIA Account and implement a portfolio near the end of a quarter, a rebalancing of your portfolio may occur due to the scheduled quarterly review. Any sale of securities may result in short-term tax implications for you.

### Strategy Assets—General Description

The selected funds are generally no-load or load-waived mutual funds available on the TD Ameritrade platform. TDAIM will attempt to obtain waivers of short-term redemption fees and purchase minimums where possible, as well as access to lower expense share classes, where available. We will attempt to ensure that the lowest expense share class available to our clients on the TD Ameritrade platform is being selected. If a selected mutual fund has a lower expense share class that is available to TDAIM clients, TDAIM will select it for use in Selective Portfolios, so long as we determine the share class is suitable for our clients. TD Ameritrade Investment Management, TD Ameritrade, and our affiliates do not accept 12b-1 fees, other service related fees, or revenue sharing payments from the mutual fund companies or funds utilized in our advisory service.

Mutual funds are investment companies that are registered under the Investment Company Act of 1940. Mutual funds typically are managed by investment advisors who research, select, and monitor the securities in the fund. Mutual funds sell and redeem their shares at NAV. The dividends and capital gains from the mutual funds generally will be reinvested. However, clients will have the option to request systematic withdrawals, including dividend and interest disbursements, as described in Section 5.

*Risks Associated with Investing in Mutual Funds:* Equity-based mutual funds are subject to risks similar to those of stocks, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. International mutual funds are subject to fluctuations due to changes in a currency's exchange rate and political risk. Fixed-income mutual funds (bond funds) fluctuate with the bond market. Fixed-income risks include:

- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.

#### i. Core Mutual Fund Portfolios Details

The portfolio models are: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. The Conservative portfolio is most heavily weighted in fixed income assets and the fixed income allocation decreases and the equity allocation increases as you move toward the Aggressive model resulting in the Aggressive portfolio being most heavily weighted in equity assets. The service allocates assets among domestic equity, international, specialty, and fixed-income mutual funds. The Core Mutual Fund Portfolios positions are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 20-30 mutual funds with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations from time to time may differ from the target allocations as a result of market movements or TDAIM's adjustments. The underlying mutual funds may also contain a residual cash position.

## **ii. Supplemental Income Portfolios Details**

The Supplemental Income Portfolios are generally for more conservative investors who may want supplemental income for retirement or other purposes or as a compliment to other investment strategies with a secondary goal of growth. Due to the conservative nature of the portfolios, we have created only two models: Conservative and Moderate. The Moderate portfolio may have a slight allocation to equities. The models will allocate assets among domestic equity, international, specialty, and fixed-income mutual funds with a focus on investing in income generating securities.

The Supplemental Income Portfolios are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 10-20 mutual funds with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations from time to time may differ from the approximate allocations as a result of market movements or TDAIM's adjustments. The underlying mutual funds generally also contain a residual cash position.

The Supplemental Income portfolios offer investment strategies designed to provide both income and total returns while limiting your exposure to volatility. The portfolios are not cash vehicles, cash alternatives, or money market funds and are not for short-term investing (less than one year) and should not be viewed or used for these objectives. The Supplemental Income Portfolios hold equity and bond mutual funds that have risks inherent to investing in these securities, including market and credit risk.

## **iii. Managed Risk Portfolio Details**

The Managed Risk Portfolio is designed for investors seeking relatively consistent growth and preservation of capital rather than maximization of returns. It seeks to limit portfolio volatility in an effort to provide protection against declines in the equity markets. The portfolio seeks to pursue this goal by investing in selected mutual funds that, when combined in a single portfolio, are expected to provide the desired volatility characteristics and return expectations with diversified exposures across asset classes, geographies, economic sectors, and time horizons. The portfolio is not designed to outperform stocks and bonds in strong markets. There is no guarantee the underlying mutual funds will achieve positive returns or that the service's objectives will be achieved.

The Managed Risk Portfolio service is intended for long-term investors (a minimum investment time horizon of one year). The portfolio will consist primarily of between 5 and 15 mutual funds, with the balance consisting of cash and cash alternatives (generally 0.5%-3%). The actual portfolio allocations from time-to-time may differ from the target allocations as a result of market movements or TDAIM's adjustments. The funds are supplemented by cash and cash alternatives keyed to your cash sweep vehicle. The underlying mutual funds may also contain a residual cash position including money-market funds and fixed-income securities with a maturity of less than one year. Some of the mutual funds used in the portfolio will invest in affiliated funds rather than underlying individual securities. Some of the portfolio funds and some of the funds they invest in will be "nondiversified." That means they may invest in a small number of issuers, sectors, or locations, making them more susceptible to risks affecting such areas of concentration than a more diversified fund might be.

The assets primarily used in this strategy are mutual funds including domestic, international, and fixed-income mutual funds. In addition, the strategy may also use a wide variety of nontraditional investment strategies including, but not limited to the following: long-only, long-short, merger arbitrage, convertible arbitrage, tactical asset allocation, managed futures, multistrategy, commodities, multisector fixed income, and risk parity.

The mutual funds used in the Managed Risk Portfolio invest in securities (including mutual funds) and strategies with inherent risks, including market, credit, geographical, and derivatives risk. Funds used in the service may include the following types of financial instruments in their portfolios: derivative instruments, including options, futures, swaps, structured securities, and other derivative instruments which may involve a high degree of financial risk. Commodity linked mutual funds are investments intended to provide exposure to one or more physical commodities or commodities indices. The value of a commodity linked mutual fund may be affected by market movements and factors specific to a particular commodity or industry, such as weather, embargoes, and international economic, political, and regulatory developments. Derivatives are securities derived from an underlying asset. The most common types of derivatives are futures contracts, options, and swaps. The risks of investing in a derivative include liquidity, interest rate, market, credit, and management risks. Also, the value of a derivative may not correlate with the underlying asset. The funds may also pursue an arbitrage strategy and have the risk that securities purchased pursuant to the strategy intended to take advantage of a perceived relationship between the value of two securities may not perform as expected. In addition, the funds may invest in foreign securities, which may be more volatile than investments in U.S. securities and will be subject to fluctuation and sudden economic and political developments. Furthermore, the funds used may have wide flexibility as to asset allocation as governed by their prospectuses and their chosen asset allocations may prove to have been undesirable. While the funds have flexibility as to their allocation, from time to time, it may be possible that multiple funds used in the Managed Risk Portfolio may invest in a similar asset class(es) to pursue market opportunities. This may result in the overall portfolio allocations to be more highly concentrated in a small number of asset classes.

The Managed Risk Portfolio service is not a cash vehicle, cash alternative, or money market fund equivalent and is not for short-term investing (less than one year). It should not be viewed or used for these objectives.

**Aggregation of Trades**

In order to begin placing trades for a client's account, the client's TDAIA Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TDAIA Account in the amount at or above \$5,000, the recommended trades will be placed in the account during the next trading window (TDAIM intends to enter the transactions with TD Ameritrade Clearing, Inc. at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate. The orders will be executed at the end of the day).

However, in certain market conditions such as: 1) significant market losses or gains (generally based on material global geopolitical or economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis.

TDAIM may rebalance the Core Mutual Fund Portfolios on a quarterly basis. There may be instances when the rebalance will entail a significant amount of transactions across all client accounts; we reserve the right to place transactions over two or more consecutive trading days in order to reduce large price fluctuations that may occur by placing the trades on a single trading day. We will randomly select the portfolio models that will be traded on each of the consecutive trading days if two or more consecutive days are needed to minimize price fluctuations. It is our policy that such transactions will be entered in a fair and equitable manner. There is no preferential treatment given to any one client account.

Since mutual funds trade at a daily NAV, clients participating in the daily trading windows will receive the same average price.

**Core Mutual Fund Portfolios and Managed Risk Portfolio Annual Advisory Fee**

Account Value	Annual Advisory Fee*
First \$125,000	0.90%
Next \$125,000 (or portion thereof)	0.80%
Next \$250,000 (or portion thereof)	0.70%
Additional assets above \$500,000	0.55%

**Supplemental Income Portfolios Annual Advisory Fee**

Account Value	Annual Advisory Fee*
First \$100,000	0.75%
Next \$150,000 (or portion thereof)	0.60%
Next \$250,000 (or portion thereof)	0.45%
Additional assets above \$500,000	0.30%

For these accounts, TDAIM reserves the right to charge a fee lower than the typical fee or waive the fee. TDAIM does not bill advisory fees on accounts with an account value of \$1,000 or less.

\*In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts.

This attachment to the TDAIM Service Agreement relates to the following strategy and is supplemented by your personal and financial information provided by you for your TDAIA Account:

## SELECTIVE PORTFOLIOS—USING EXCHANGE TRADED FUNDS (“ETF”) INVESTMENTS

### CORE ETF PORTFOLIOS OPPORTUNISTIC PORTFOLIOS

**Minimum Initial Investment** – \$25,000 (minimum investment amount for corporate/business accounts is \$100,000)

**Maximum Initial Investment** – This will depend on model selected and suitability considerations.

#### Investment Policy—General Description

**(Your current Investment Policy Statement is always available by logging into your TDAIA account.)**

Selective Portfolios using ETF investments, are diversified asset allocation models, which will be provided only on a discretionary basis. The recommended models and ETF allocations are based on the client’s planned funding, investment objectives, risk tolerance, time horizon, age, employment status, likelihood of significant withdrawals from your investment, and any reasonable restrictions (collectively, “Profile Information”). Asset allocation and investment selection services to be provided include:

1. Leveraging annual Capital Market Assumptions that are used to produce portfolio allocations;
2. Generation of strategic asset allocations for each model;
3. Selection of appropriate ETFs for the portfolio models;
4. Performance of ongoing due diligence of the funds used in the model portfolios;
5. Provision of recommendations for periodic tactical changes to the portfolio models based on changing market and economic conditions;
6. Provision of periodic recommendations for adding or removing funds from the models (that is: performance concerns, market exposures, tactical positioning, etc.); and
7. Production of periodic client-facing marketing materials that typically contain market and portfolio analysis

#### i. Core ETF Portfolios Details

TDAIM will use its qualitative and quantitative methodology to construct and recommend the asset allocation. The asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data and on implied risk and return estimates. TDAIM will reassess the asset allocation at least annually or more frequently as warranted by market conditions or different portfolio strategies. TDAIM will make an initial ETF investment recommendations and quarterly strategy evaluations. TDAIM will reassess the ETFs in the model portfolios annually (or more frequently as warranted by market conditions) and provide us with recommended updates to the portfolios. If you fund your TDAIA Account and implement a portfolio near the end of a quarter, a rebalancing of your portfolio may occur due to the scheduled quarterly review. Any sale of securities may result in short-term tax implications for you.

#### ii. Opportunistic Portfolios Details

TDAIM will use its qualitative and quantitative methodology to construct and recommend the asset allocation. The qualitative calculations determine the momentum/volatility of the whole equity market and each asset class. The quantitative calculations review the fundamental dynamic asset allocation which determines the overall equity and fixed income changes. The calculations produce the adjustments to the portfolios. TDAIM will make an initial ETF investment recommendations and monthly strategy evaluations. TDAIM will reassess the ETFs in the model portfolios at least monthly (or more frequently as warranted by market conditions) and provide recommended updates to the portfolios.

TDAIM will have a primary ETF along with at least one alternate/replacement ETF for each asset class in consideration of, among other things, tax-loss harvesting and client initiated investment restrictions. If we approve the recommendations, the portfolios will be updated accordingly. We will process the transactions for all applicable clients in the applicable models within a reasonable time.

#### Strategy Assets—General Description

ETFs are investment companies that are registered under the Investment Company Act of 1940, typically as open-end funds or unit investment trusts (“UITs”). They have the flexibility of trading intraday. Most ETFs are passively managed and may provide investors with diversification, cost and tax efficiency, liquidity, and marginability. ETF shares trade between investors like a stock. Because ETF shares trade freely and continuously, the market determines prices, and investors can buy or sell shares at any time that the markets are open. ETFs are priced continuously by the market, so there is a potential for trading to take place at a price other than the NAV.

An index-based ETF seeks to track the performance of its corresponding index by either replicating the securities in the index or holding a representative sample of the securities in the index. Because ETFs are passively managed, their expenses are typically lower than the expenses of actively managed mutual funds, which generally have higher management fees and brokerage expenses due to portfolio trading. In addition, ETF expenses are often lower than the expenses of index funds. The dividends from the ETFs generally will not be reinvested. However, clients will have the option to request systematic withdrawals, including dividend and interest disbursements, as described in Section 5 of the TDAIM Service Agreement.

*Risks Associated with Investing in ETFs:* Equity-based ETFs are subject to risks similar to those of stocks, and fixed-income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed or sold, may be worth more or less than their original cost. Foreign-based ETFs have unique and greater risks than domestic-based ETFs including fluctuations due to changes in a currency’s exchange rate and political risk. Equity ETF risks include possible pricing delays in times of extreme market volatility, liquidity risk, and market risk. Fixed-income ETF risks include:

- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.
- Liquidity risk: the risk that certain assets may not be readily converted into cash due to lack of demand in the market.
- Market risk: the risk that the value of an investment may decline due to changes in general economic or market conditions.

### **i. Core ETF Portfolios Details**

The Core ETF Portfolios are designed for clients who are concerned more about costs and tax efficiency than about accessing actively managed mutual funds. ETFs generally seek to match the performance of a specific market index, asset class, or sector. ETFs usually have lower annual expenses than mutual funds as they require little if any manager oversight (passively managed) and generally are more tax-efficient than mutual funds.

The portfolio models are called: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. The service allocates assets among domestic equity, international, specialty, and fixed-income ETFs supplemented by cash and cash alternatives keyed to your cash sweep vehicle. The Conservative portfolio is most heavily weighted in fixed income assets and the fixed income allocation decreases and the equity allocation increases as you move toward the Aggressive model resulting in the Aggressive portfolio being most heavily weighted in equity assets. The Core ETF Portfolio positions are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 15-25 ETFs with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations from time to time may differ from the target allocations as a result of market movements or TDAIM's adjustments.

### **ii. Opportunistic Portfolios Details**

The Opportunistic Portfolios are designed for clients who are more aggressive investors or prefer a more active portfolio as a compliment to other investment strategies. The Opportunistic Portfolios seek long-term growth with a tactical investment approach and additional equity sector rotation strategy. The use of a tactical investment approach generally involves a more active portfolio management strategy to pursue short-term opportunities in different sectors or countries based on changes to the market. The Opportunistic Portfolios have additional asset classes that allow for tactical shifts (rebalancing). This allows for rebalancing assets into sectors with potential larger returns and decreasing assets in sectors with lower potential opportunities.

Due to the more aggressive nature of the portfolios, we have created only two models: Moderate Growth and Aggressive. Since strategies using a tactical approach have more frequent trading, they may also have greater tax implications for taxable portfolios. In addition, if you fund your TDAIA Account and implement a portfolio near the end of the month, a rebalancing of your portfolio may occur due to the scheduled monthly review. Any sale of securities may result in short-term tax implications for you.

The Opportunistic Portfolios utilize diversified asset allocations, such as domestic equity, international, alternative, and fixed income ETFs supplemented by cash and cash alternatives keyed to your cash sweep vehicle. Since the Opportunistic Portfolios have a tactical investment approach, there is a wider diversity of asset classes with industry sectors. The Opportunistic Portfolios consist primarily of approximately 20-30 ETFs with the balance consisting of cash and cash alternatives (approximately 2%). The actual portfolio allocations from time to time may differ from the target allocations as a result of market movements or TDAIM's adjustments.

### **Aggregation of Trades**

TDAIM typically aggregates orders for more than one client if it is determined that aggregation is in the best interests of the clients. Clients participating in aggregated transactions will receive an average share price with all transaction costs shared on a pro-rata basis. We generally trade in full shares of ETFs. However, depending on the value of your TD Ameritrade Investing Account and the price of the ETFs, we will trade in fractional shares. Trading in fractional shares will help us invest in a portfolio allocation that is closer to the recommended target allocation.

In order to begin placing trades for a client's account, the client's TDAIA Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TDAIA Account in the amount at or above \$5,000, the recommended trades for the portfolios will be placed in the account during the next trading window. (TDAIM intends to enter the transactions with TD Ameritrade Clearing, Inc. at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate). Our trade allocation policy is to allocate the purchase and sales of the recommended ETFs in a fair and equitable manner. The policy prohibits any trade allocation to favor one group or any particular client(s) more favorably than another group or similar clients.

On a typical trading day, TDAIM generates a list of accounts that require a recommended initial allocation or rebalancing transactions. The list also includes accounts for client-initiated transactions resulting from the client requesting a raise cash (liquidate securities), invest raise cash, or the client selecting a new model after the previous day's trading aggregation job. Generally, the list does not include accounts in which client-initiated requests made to a TDAIM service representative during market hours indicate the client does not wish to wait for the next trading window. In addition, the list will not include accounts with open orders, unresolved investment restrictions, incompatible assets or model, values below the required minimum or above the required maximum, or in "do not trade" or Regulation T status.

However, in certain market conditions such as: 1) significant market losses or gains (generally based on material global geopolitical or economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. These orders will be aggregated and will receive an average price that is separate from the regular daily trading job. We also reserve the right to execute ETF transactions using market orders per client request or extenuating circumstances lead to an account missing a trading window. For example, when a client requests an immediate liquidation and distribution from an account after the daily trading window has closed and before the next trading day.

The aggregated orders are placed with TDAIM's affiliated broker-dealer TD Ameritrade Clearing, Inc. We reconcile the orders by the next business day. Client cash or securities may be held collectively for settlement purposes but no longer than necessary to settle the purchase or sale.

TD Ameritrade provides each client with an account statement and trade confirmations that reflect the securities that have been purchased and sold for the clients. We also maintain books and records reflecting the securities held by, or bought or sold for, clients' accounts that participate in the aggregations.

The accounts of TDAIM associated persons may participate in aggregated orders. The associates will receive the same average share price and will pay any applicable commissions and other transaction costs on a pro-rata basis.

### **Written Aggregation Statement**

Each trading day, as described above, TDAIM generates a list of accounts for the daily aggregated order(s). The order(s) is sent to TD Ameritrade Clearing, Inc. The order(s) is generally filled in its entirety and clients receive their allotted allocation since ETFs sell and redeem

their shares at NAV in Creation Units; therefore if additional shares of an ETF are required, a Creation Unit(s) may be used to fill the aggregated order(s). Once the order(s) is executed, the shares will be allocated back to the clients' accounts participating in the order(s).

In rare instances, if an order is not filled in its entirety as stated above, the shares will be allocated on a percentage pro-rata basis among the participating clients. However, adjustments may be made to avoid odd amounts of shares held in any client account. If an order is allocated in a manner other than that stated herein, a written explanation for the change must be provided to and approved by the Chief Operating Officer and/or Chief Compliance Officer no later than the morning of the next business day following the execution of the order.

**Trade Error Policy**

In the event TDAIM makes an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

**Core ETF Portfolios and Opportunistic Portfolios Annual Advisory Fee**

<b>Account Value</b>	<b>Annual Advisory Fee*</b>
First \$125,000	0.90%
Next \$125,000 (or portion thereof)	0.80%
Next \$250,000 (or portion thereof)	0.70%
Additional assets above \$500,000	0.55%

For these accounts, TDAIM reserves the right to charge a fee lower than the typical fee or waive the fee. TDAIM does not bill advisory fees on accounts with an account value of \$1,000 or less.

\*In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts.

This attachment to the TDAIM Service Agreement relates to the following strategy and is supplemented by your personal and financial information provided by you for your TDAIA Account:

## ESSENTIAL PORTFOLIOS —

**Minimum Initial Investment** – • \$500 on the condition that the you set up automatic recurring deposits through your TDAIA Account\*; or  
• \$5,000; or  
• \$100,000 for corporate/business accounts

\* Recurring deposits are available by electronic bank transfers (ACH). If recurring deposits cease before reaching a \$5,000 balance in your TDAIA Account, we will require you to re-authorize recurring deposits or deposit additional money to bring your account up to \$5,000. If these conditions are not met, we reserve the right to discontinue our advisory relationship with you and transfer the securities into a like-titled account with TD Ameritrade.

**Maximum Initial Investment** – This will depend on model selected and suitability considerations.

### Investment Policy—General Description

**(Your current Investment Policy Statement is always available by logging into your TDAIA account.)**

Essential Portfolios, are diversified asset allocation models using Exchange Traded Funds (“ETFs”), which will be provided only on a discretionary basis. The Essential Portfolios are offered electronically via the Internet as the primary channel of interaction with TDAIM. The recommended models and ETF allocations are based on the client’s planned funding, investment objectives, risk tolerance, time horizon, age, employment status, likelihood of significant withdrawals from your investment, and any reasonable restrictions (collectively, “Profile Information”). Asset allocation and investment selection services to be provided include:

1. Leveraging annual Capital Market Assumptions that are used to produce portfolio allocations;
2. Generation of strategic asset allocations for each model;
3. Selection of appropriate ETFs for the portfolio models;
4. Performance of ongoing due diligence of the funds used in the model portfolios;
5. Provision of recommendations for periodic tactical changes to the portfolio models based on changing market and economic conditions;
6. Provision of periodic recommendations for adding or removing funds from the models (that is: performance concerns, market exposures, tactical positioning, etc.); and
7. Production of periodic client-facing marketing materials that typically contain market and portfolio analysis

TDAIM will use its qualitative and quantitative methodology to construct and recommend the asset allocation. The asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data and on implied risk and return estimates. TDAIM will reassess the asset allocation at least annually or more frequently as warranted by market conditions or different portfolio strategies. TDAIM will make an initial ETF investment recommendation and quarterly strategy evaluations. TDAIM will reassess the ETFs in the model portfolios annually (or more frequently as warranted by market conditions) and provide recommended updates to the portfolios. We will process the transactions for all applicable clients in the applicable models within a reasonable time frame.

Please note that if you fund your TDAIA Account and implement a portfolio near the end of a quarter, a rebalancing of your portfolio may occur due to the scheduled quarterly review. Any sale of securities may result in short-term tax implications for you.

### Strategy Assets

The Essential Portfolio models are: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. The service allocates assets among the domestic equity, international equity, emerging markets, domestic and international fixed income asset classes, supplemented by cash and cash alternatives keyed to your cash sweep vehicle. We will recommend one ETF for each of the five asset classes, with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). In comparison, the Selective Core ETF Portfolios utilize more asset classes and consist of approximately 15-25 ETFs. The Conservative portfolio is most heavily weighted in fixed income assets and the fixed income allocation decreases and the equity allocation increases as you move toward the Aggressive model resulting in the Aggressive portfolio being most heavily weighted in equity assets. The Essential Portfolios are intended to be long-term investments (a minimum investment time horizon of one year). The actual portfolio allocations from time to time may differ from the approximate allocations as a result of market movements or TDAIM’s adjustments. A Socially-Aware version of the portfolio models is also available to clients. With the Socially-Aware portfolio models, the equity allocation utilizes ETFs that track companies that have positive environmental, social, and governance characteristics. The ETFs utilized for the fixed income allocation for all Essential Portfolios models are the same. They generally will not reflect environmental, social, and governance characteristics as there are relatively few such fixed income ETFs.

ETFs are investment companies that are registered under the Investment Company Act of 1940, typically as open-end funds or unit investment trusts (“UITs”). They have the flexibility of trading intraday. Most ETFs are passively managed and may provide investors with diversification, cost and tax efficiency, liquidity, and marginability. ETF shares trade between investors like a stock. Because ETF shares trade freely and continuously, the market determines prices, and investors can buy or sell shares at any time that the markets are open. ETFs are priced continuously by the market, so there is a potential for trading to take place at a price other than the NAV.

An index-based ETF seeks to track the performance of its corresponding index by either replicating the securities in the index or holding a representative sample of the securities in the index. Because ETFs are passively managed, their expenses are typically lower than the expenses of actively managed mutual funds, which generally have higher management fees and brokerage expenses due to portfolio trading. In addition, ETF expenses are often lower than the expenses of index funds. The dividends from the ETFs generally will not be reinvested. However, clients will have the option to request systematic withdrawals, including dividend and interest disbursements, as described in Section 5 of the TDAIM

## Service Agreement.

*Risks Associated with Investing in ETFs:* Equity-based ETFs are subject to risks similar to those of stocks, and fixed-income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Foreign-based ETFs have unique and greater risks than domestic-based ETFs including fluctuations due to changes in a currency's exchange rate and political risk. Equity ETF risks include possible pricing delays in times of extreme market volatility, liquidity risk and market risk. Fixed-income ETF risks include:

- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.
- Liquidity risk: the risk that certain assets may not be readily converted into cash due to lack of demand in the market.
- Market risk: the risk that the value of an investment may decline due to changes in general economic or market conditions.

### Aggregation of Trades

TDAIM typically aggregates orders for more than one client if it is determined that aggregation is in the best interests of the clients. Clients participating in aggregated transactions will receive an average share price with all transaction costs shared on a pro-rata basis. We generally trade in full shares of ETFs. However, depending on the value of your TD Ameritrade Investing Account and the price of the ETFs, we will trade in fractional shares. Trading in fractional shares will help us invest in a portfolio allocation that is closer to the recommended target allocation.

In order to begin placing trades for a client's account, the client's TDAIA Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TDAIA Account in the amount at or above investment minimum, the recommended trades for the portfolios will be placed in the account during the next trading window. (TDAIM intends to enter the transactions with TD Ameritrade Clearing, Inc. at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate). Our trade allocation policy is to allocate the purchase and sales of the recommended ETFs in a fair and equitable manner. The policy prohibits any trade allocation to favor one group or any particular client(s) more favorably than another group or similar clients.

On a typical trading day, TDAIM generates a list of accounts that require a recommended initial allocation or rebalancing transactions. The list also includes accounts for client-initiated transactions resulting from the client requesting a raise cash (liquidate securities), invest raise cash, or the client selecting a new model after the previous day's trading aggregation job. Generally, the list does not include accounts in which client initiated requests made to a TDAIM service representative during market hours indicate the client does not wish to wait for the next trading window. In addition, the list will not include accounts with open orders, unresolved investment restrictions, incompatible assets or model, values below the required minimum or above the required maximum, or in "do not trade" or Regulation T status.

However, in certain market conditions such as: 1) significant market losses or gains (generally based on material global geopolitical or economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. These orders will be aggregated and will receive an average price that is separate from the regular daily trading job. We also reserve the right to execute ETF transactions using market orders per client request or extenuating circumstances lead to an account missing a trading window. For example, when a client requests an immediate liquidation and distribution from an account after the daily trading window has closed and before the next trading day.

The aggregated orders are placed with TDAIM's affiliated broker-dealer TD Ameritrade Clearing, Inc. We reconcile the orders by the next business day. Client cash or securities may be held collectively for settlement purposes but no longer than necessary to settle the purchase or sale.

TD Ameritrade provides each client with an account statement and trade confirmations that reflect the securities that have been purchased and sold for the clients. We also maintain books and records reflecting the securities held by, or bought or sold for, clients' accounts that participate in the aggregations.

The accounts of TDAIM associated persons may participate in aggregated orders. The associates will receive the same average share price and will pay any applicable commissions and other transaction costs on a pro-rata basis.

### Written Aggregation Statement

Each trading day, as described above, TDAIM generates a list of accounts for the daily aggregated order(s). The order(s) is sent to TD Ameritrade Clearing, Inc. The order(s) is generally filled in its entirety and clients receive their allotted allocation since ETFs sell and redeem their shares at NAV in Creation Units; therefore if additional shares of an ETF are required, a Creation Unit(s) may be used to fill the aggregated order(s). Once the order(s) is executed, the shares will be allocated back to the clients' accounts participating in the order(s).

In rare instances, if an order is not filled in its entirety as stated above, the shares will be allocated on a percentage pro-rata basis among the participating clients. However, adjustments may be made to avoid odd amounts of shares held in any client account. If an order is allocated in a manner other than that stated herein, a written explanation for the change must be provided to and approved by the Chief Operating Officer and/or Chief Compliance Officer no later than the morning of the next business day following the execution of the order.

### Trade Error Policy

In the event TDAIM makes an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

### Annual Advisory Fee: 0.30%

For these accounts, TDAIM reserves the right to charge a fee lower than the typical fee or waive the fee. TDAIM does not bill advisory fees on accounts with an account value of \$50 or less.

In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

Discretionary advisory services are provided for a fee by TD Ameritrade Investment Management, LLC, a registered investment advisor and subsidiary of The Charles Schwab Corporation. Brokerage services provided by TD Ameritrade, Inc. For more information, including investment risks, please see the Disclosure Brochure (Form ADV Part 2A). <http://www.tdameritrade.com/forms/TDA4855.pdf>

All investments involve risk, including loss of principal. Past performance does not guarantee future results. There is no assurance that the investment process will consistently lead to successful investing. Asset allocation and diversification do not eliminate the risk of experiencing investment losses.

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., members FINRA/SIPC, subsidiaries of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

© 2021 Charles Schwab & Co. Inc. All rights reserved

# **DISCLOSURE BROCHURE**

(FORM ADV, PART 2A)

**TD AMERITRADE INVESTMENT MANAGEMENT, LLC**

**SEC File No. 801-55501**

**200 SOUTH 108TH AVE  
OMAHA, NE 68154-2631**

**Main: 888-310-7921**

**Fax: 866-468-6268**

**TDAMERITRADE.COM**

**July 23, 2021**

This brochure provides prospective clients with information about TD Ameritrade Investment Management, LLC that should be considered before or at the time of obtaining advisory services from TD Ameritrade Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 888-310-7921.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please be advised that TD Ameritrade Investment Management, LLC will not assign its duties to you to any other party without your consent.

Additional information about TD Ameritrade Investment Management, LLC is also available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The IARD/CRD number for TD Ameritrade Investment Management, LLC is 111514.

TD Ameritrade Investment Management, LLC is registered with the United States Securities and Exchange Commission as a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Please print a copy of this brochure and retain it for your future reference.

### **Summary of Material Changes**

This section highlights revisions made since December 16, 2019 to the Disclosure Brochure:

- On October 6, 2020, TD Ameritrade Investment Management, LLC (“TDAIM”) became a wholly owned subsidiary of The Charles Schwab Corporation, a publicly traded company.
- On December 7, 2020, TDAIM notified Morningstar Investment Management, LLC that the consulting agreement between them would terminate on February 7, 2021.
- In September 2020, TDAIM ceased providing its Guidance Solutions Portfolios and they were migrated into TDAIM’s Selective Portfolios.

TD Ameritrade Investment Management, LLC

**TABLE OF CONTENTS**

---

Advisory Business.....	1
Fees and Compensation.....	12
Performance-Based Fees and Side-By-Side Management.....	16
Types of Clients.....	16
Methods of Analysis, Investment Strategies, and Risk of Loss .....	17
Disciplinary Information .....	20
Other Financial Industry Activities and Affiliations.....	20
Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading .....	21
Brokerage Practices .....	22
Review of Accounts.....	23
Client Referrals and Other Compensation .....	23
Custody .....	24
Investment Discretion .....	24
Voting Client Securities .....	26
Financial Information.....	26

---

## Advisory Business

TD Ameritrade Investment Management, LLC (“TDAIM,” or “we,” “us,” or “our”) provides a variety of goal-planning and advisory services to clients. The advisory services are: i) The TDAIM Core Mutual Fund, Core ETF, Supplemental Income, Opportunistic, and Managed Risk Portfolios services (“Selective Portfolios”) with asset allocation involving ETFs or mutual funds, along with cash and cash alternatives, and are provided only on a discretionary basis; ii) The Essential Portfolios, which use ETFs for investors seeking a primarily online basic asset allocation discretionary service and iii) The Personalized Portfolios, which offer a more tailored discretionary portfolio service, with the client working with a dedicated TDAIM Portfolio Consultant. The services are described in detail below.

We were formed in November 1997 as PFN Investment Management, LLC. TDAIM operated under the name Amerivest Investment Management, LLC from April 2003 to December 2016. TDAIM is wholly owned by Financial Passport, Inc., which is wholly owned by TD Ameritrade Online Holdings Corp. TD Ameritrade Online Holdings Corp. is a wholly owned subsidiary of TD Ameritrade Holding Corporation. On October 6, 2020, TD Ameritrade Holding Corporation became a wholly owned subsidiary of The Charles Schwab Corporation (“Schwab”), a publicly traded company. As a result, TDAIM became affiliated with Schwab and its subsidiaries. Any information regarding products or services offered by Schwab or its affiliates, available or viewable on TDAIM’s websites or other TDAIM media sources, that may be available to TDAIM clients or members of the public, is provided solely for educational purposes only and should not be construed as an offer, solicitation, or recommendation by TDAIM or its affiliates of any products or services offered by Schwab or its affiliates.

### **A. SERVICES PROVIDED:**

TDAIM provides discretionary services known as Selective Portfolios, Essential Portfolios and Personalized Portfolios (collectively known as the “Portfolios”) to retail clients of TD Ameritrade. The services are offered only on a discretionary basis that involves the continuous management of client accounts. As of March 31, 2021, TDAIM was providing discretionary advisory services to clients with approximately \$22.7 billion in assets. We assume all investment duties with respect to the Portfolios held in the client’s TD Ameritrade Investing Account and have discretion with respect to such assets, including the initial allocation and ongoing rebalancing (buy, sell, exchange, or otherwise trade) based upon the client’s selected strategy and according to TDAIM’s investment policy for that strategy. We do not take discretion over assets that are not compatible with the Portfolios.

TDAIM also acts as a portfolio consultant to the Union Bank & Trust in Nebraska, (the “Program Manager”) in connection with the Program Manager’s recommendation of investment alternatives for the TD Ameritrade 529 College Savings Plan (the “Plan”). Such recommendations are the sole responsibility of the Program Manager and not of TDAIM. The Nebraska Investment Council is responsible for the final selection of investment alternatives within the Plan. The agreement relating to the 529 program was terminated effective March 2, 2021. We are currently engaged in wind-down / transition activities.

TDAIM utilized Morningstar Investment Management’s investment-related consulting services through February 7, 2021. Having bolstered its internal investment management capabilities, TDAIM believes it no longer needs the consulting services provided by Morningstar Investment Management, especially in view of its recent affiliation with Charles Schwab Investment Management, Inc. (“CSIM”). Beginning on February 8, 2021, TDAIM retained CSIM to provide research and investment consulting services, and CSIM began serving as an investment consultant. CSIM does not act in the capacity of advisor to TDAIM clients. CSIM manages over \$500 billion of client assets on a discretionary basis. TDAIM has reviewed CSIM’s capabilities and has concluded that CSIM will be able to meet TDAIM’s consulting needs. TDAIM will pay an annual fee to CSIM of \$100,000 for these services.

### **1. Selective and Essential Portfolios – General Description**

The Selective and Essential Portfolios discretionary services involve the use of Charles Schwab Investment Management, Inc. (“CSIM”) as a consultant to TDAIM. **Essential Portfolios was closed to new investors as of March 11, 2021. Existing investors will continue to be able to change strategies, make deposits and request withdrawals of funds, etc. per the terms of their investment management agreement.** CSIM services to TDAIM with respect to the Selective and Essential Portfolios include but are not limited to:

1. Leveraging annual Capital Market Expectations that are used to produce portfolio allocations;
2. Generation of strategic asset allocations for each approved model;
3. Recommendation of appropriate mutual funds and ETFs for the various portfolio models, including as to mutual fund share classes;
4. Performance of ongoing due diligence of the funds used in the model portfolios;
5. Provision of recommendations for periodic tactical changes to the portfolio models based on changing market and economic conditions;
6. Provision of periodic recommendations for adding or removing funds from the models (such as: performance concerns, fund manager departures, market exposures, tactical positioning, etc.); and
7. Production of periodic client-facing marketing materials that typically contain market and portfolio analysis.

TDAIM will recommend an appropriate strategy to Selective and Essential Portfolios clients according to the client’s planned funding, investment objectives, risk tolerance, investment time horizon, age (in certain circumstances), employment status, likelihood of significant withdrawals from the account, any supplemental information, and any reasonable restrictions (collectively, “Profile Information”). In any case, TDAIM clients will either enter their Profile Information online or convey it to a TD Ameritrade registered representative (individually known as a Financial Consultant and collectively known as “FCs”), who will help prospects become TDAIM clients. This may involve more extended discussions around goal planning. Changes in the client’s Profile Information may result in a new recommended strategy or strategies. While FCs generally have more detailed goal planning discussions with Selective Portfolios clients, Essential Portfolios clients primarily enter their Profile Information and open their corresponding TD Ameritrade Investing Account with little or no assistance from FCs, and then monitor their portfolio electronically through an Internet/mobile application. Clients who enter a relatively short time horizon will receive a relatively conservative portfolio recommendation regardless of their risk tolerance.

If the client wishes to use the Selective Portfolios or Essential Portfolios service, the client must authorize TDAIM to exercise discretionary trading authority over the assets dedicated to the client’s selected strategy, which includes the initial allocation and ongoing rebalancing and portfolio reallocation. The discretionary authority allows TDAIM to buy, sell, or otherwise trade recommended and approved assets in the client’s strategy or previously recommended TDAIM securities without prior client approval of each transaction. We are not authorized to withdraw cash or securities from the client’s account other than in connection with the payment of our advisory fees as described in the *Fees and Compensation and Custody* sections below.

A TDAIM client is responsible for any tax liabilities resulting from transactions (including any arising from the addition of assets to or withdrawal of assets from the client's account). We make no representation regarding the likelihood or probability that any proposed investing plan will in fact achieve a particular investment goal. We are unable to predict or forecast market fluctuations or other uncertainties that may affect the value of any investment. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investing in general, as well as the investments and the overall portfolio composition suggested by TDAIM. See response below at *Methods of Analysis, Investment Strategies, and Risk of Loss* of this disclosure brochure.

In order to participate in the Selective Portfolios or Essential Portfolios service, the client will need to open a dedicated brokerage account (known as a TD Ameritrade Investing Account) at TD Ameritrade. Clients will be able to invest in one strategy per account and will retain ownership of all cash and securities in their accounts. To the extent that a client decides to implement any TDAIM recommendation through his or her TD Ameritrade brokerage account, TD Ameritrade acts solely as a broker on an unsolicited basis in connection with such transactions and is not acting as an advisor to the client.

In certain circumstances, TDAIM clients will transfer incompatible securities into their TD Ameritrade Investing Account and the following will apply: (i) if a client deposits an incompatible security into a newly funded TD Ameritrade Investing Account, we will not start charging our advisory fee, nor will we commence making investments, until the incompatible security is removed from the account; (ii) If a client deposits an incompatible security into an existing TD Ameritrade Investing Account within 30 days of the account's initial investments, we will provide a fee credit for the amount of time the incompatible security was held in the TD Ameritrade Investing Account up to and through 30 days after the initial investment; (iii) Any incompatible security remaining in or deposited into the TD Ameritrade Investing Account beyond 31 days or more following the initial investment will be considered non-managed and will not disrupt management of the portfolio nor assessment of our advisory fee on the remaining compatible assets in the account. [For example, if an existing client with an initial investment date of July 1 deposits an incompatible security into his/her account on July 15 and the incompatible security remains in the account until August 10, TDAIM will credit back the fees for July 15 through July 31. However, if the incompatible security remains in the account only until July 24 rather than August 10, TDAIM will credit back the fees for July 15 through July 23]; and (iv) if the TD Ameritrade Investing Account is restricted (for example on account of an estate issue, a divorce issue, a court order, etc.) TDAIM will provide a fee credit from the time we are notified of the restriction.

Further, to the extent the client deposits incompatible securities into their TD Ameritrade Investing Account, TDAIM will not assume discretion as to such securities. The client is required to either sell or transfer the securities promptly. Any client transactions in that regard are the client's responsibility and not based on any recommendation from us. If the incompatible securities are sold by the client, TD Ameritrade does not charge commissions on equity (exchange-listed US stocks) or ETF (domestic and Canadian) transactions and the sale generally is on an unsolicited basis. Any sale of securities or other assets to fund the client's TD Ameritrade Investing Account may result in expenses, fees or other charges (such as mutual fund deferred sales charges) as well as tax liabilities. The client is responsible for seeking the advice of a tax professional prior to selling any securities or other assets. In certain circumstances, TDAIM may enter the transactions to implement the client's selected portfolio using the available cash balance and work with the client to promptly remove the incompatible securities.

In addition to the recommended funds, TDAIM will maintain a portion of the account in cash or cash alternatives the amount of which generally will be 0.5% to 3% of the total account. The cash buffer ensures the availability of cash for payment of our fee and provides liquidity to cover potential price changes in market orders. In taxable accounts, the cash sweep vehicle is the TD Ameritrade FDIC Insured Deposit Account ("IDA") provided by one or more banks ("Program Banks"). (See Other Financial Industry Activities and Affiliations below.) The IDA is insured up to the applicable limits. In non-taxable accounts, the cash sweep vehicle is a U.S. Government money market fund, the Vanguard Treasury Money Market Fund. Investments in money market funds are subject to restrictions, charges, and expenses described in the prospectus. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any government agency, TDAIM or its affiliates, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share. Clients will receive periodic statements for sweep transactions involving money market funds in lieu of immediate confirmations. TDAIM's advisory fee applies to the portion of the account maintained in cash. If you decide to leave cash or cash alternatives in the account that are not managed by TDAIM, you are not charged a fee until they are invested in the portfolio. (See Fees and Compensation below.) TD Ameritrade Investing Accounts are opened as cash accounts rather than margin accounts and margin is not available. In addition, we generally do not allow clients to fund their TD Ameritrade Investing Accounts with cash borrowed from a margin account, whether from another TD Ameritrade brokerage account or an unrelated broker dealer account.

In February 2018, TDAIM was the survivor of a merger with Scottrade Investment Management, Inc. ("SIM") and became the manager of the SIM Guidance Solutions Portfolios. TDAIM continued the portfolios with portfolio management guidelines and strategies similar to the ones in place. TDAIM assumed discretionary trading authority over the SIM assets, including as to ongoing rebalancing and portfolio allocations. In July 2020 TDAIM reallocated the Guidance Solutions Portfolios into portfolio models corresponding to ones in TDAIM's Selective Portfolios and in September 2020 the portfolios were rebranded as Selective Portfolios.

## **a. Selective Portfolios Using Mutual Fund Investments**

### **i. Selective Core Mutual Fund Portfolios Details**

Selective Core Mutual Fund Portfolios have been based on the online asset allocations recommended to TDAIM by Morningstar Investment Management. As noted in A. SERVICES PROVIDED above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021. The Selective Core Mutual Fund Portfolios use mutual funds as the primary investment vehicles. The portfolio models are: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. The service allocates assets among domestic equity, international, specialty, and fixed-income mutual funds. Selective Core Mutual Fund Portfolios positions are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 20-30 mutual funds with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations will from time to time differ from the target allocations as a result of market movements, rebalancing tolerances or TDAIM's adjustments. The cash will be held in a designated cash sweep vehicle. The underlying mutual funds may also contain a residual cash position.

### **ii. Selective Supplemental Income Portfolios Details**

The Selective Supplemental Income Portfolios service uses mutual funds as the primary investment vehicles and pursues an asset allocation strategy. The Supplemental Income Portfolios are generally for more conservative investors who may want supplemental income for retirement or other purposes or as a complement to other investment strategies with a secondary goal of growth. Due to the conservative nature of the portfolios, TDAIM has created only two models: Conservative and Moderate. The models allocate assets among domestic equity, international, specialty, and fixed-income mutual funds with a focus on investing in income generating securities.

The Supplemental Income Portfolios positions are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 10-20 mutual funds with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations will from time to time differ from the target allocations as a result of market movements, rebalancing tolerances or TDAIM's adjustments. The cash will generally be held in a designated cash sweep vehicle. The underlying mutual funds may also contain a residual cash position.

The Supplemental Income portfolios offer investment strategies designed to provide both income and total returns while limiting your exposure to volatility. The portfolios are not cash vehicles, cash alternatives, or money market funds and are not for short-term investing (less than one year) and should not be viewed or used for these objectives. The Supplemental Income Portfolios hold equity and bond mutual funds that have risks inherent to investing in these securities, including market and credit risk, and possible loss of value as described in the *Methods of Analysis, Investment Strategies, and Risk of Loss* section below.

### **iii. Asset Allocations**

Pursuant to an agreement and as described in A. SERVICES PROVIDED above, Morningstar Investment Management has provided asset allocation, fund selection and other services to TDAIM for its portfolios. As noted in that section, the agreement for Morningstar Investment Management's services to TDAIM terminated on February 7, 2021 and CSIM began providing investment consulting services to TDAIM on February 8, 2021.

The TDAIM asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data and on implied risk and return estimates. The Selective Portfolios using mutual fund asset allocations use a strategic asset allocation approach that is value driven. They generally consist of broadly diversified asset allocations that TDAIM will reassess at least annually or more frequently as warranted by market conditions.

TDAIM will strive to meet the asset allocation targets as closely as possible while accounting for fund-specific attributes. However, the actual allocations will fluctuate (for example, in response to changing market conditions). That is because of the nature of mutual fund investment activity and changes in the underlying holdings. In addition, the allocations are subject to change without notice.

### **iv. Mutual Fund Recommendations**

Morningstar Investment Management has provided TDAIM with mutual fund investment recommendations and quarterly strategy evaluations for the Selective Portfolios. Morningstar Investment Management reassesses the model portfolios quarterly (or more frequently as warranted by market conditions) and provides us with recommended updates to them. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021.

The TDAIM fund universe includes the thousands of mutual funds available on the TD Ameritrade platform. The funds are carefully screened and analyzed by TDAIM using a set of qualitative and quantitative factors including but not limited to risk-adjusted performance, variance of returns, tax efficiency, expenses (including as to different expense levels associated with different mutual fund share classes), style consistency, and style purity. TDAIM will have a primary mutual fund along with at least one alternate mutual fund for each asset class in consideration of client-initiated investment restrictions. TDAIM periodically will review the funds used and the asset allocations made in the Selective Portfolios service.

TDAIM will attempt to obtain waivers of short-term redemption fees and purchase minimums where possible, as well as access to lower expense share classes, where available. We will attempt to ensure that the lowest expense share class available to our clients on the TD Ameritrade platform is being selected. If a selected mutual fund has a lower expense share class that is available to TDAIM clients, we will select it for use in the Selective Portfolios, so long as we determine the share class is suitable for our clients. TDAIM, TD Ameritrade, and our affiliates do not accept 12b-1 fees, other service-related fees, or revenue sharing payments from the mutual fund companies or funds utilized in our advisory service.

TDAIM may, in its discretion, accept mutual funds owned by the client into his or her TD Ameritrade Investing Account if the mutual funds were previously recommended by us. We may accept and use a compatible mutual fund in the client's portfolio, even if the mutual fund share is of a different share class than the share class of the mutual fund approved for use in the Selective Portfolios service. For example, if a client transfers in a retail share class mutual fund and TDAIM uses a lower expense share class of the same mutual fund, we may retain the retail share class of the mutual fund in the client's portfolio. Accepting the retail share class mutual fund will benefit clients as they will be able to invest in their portfolio more quickly. In addition, it may help reduce potential tax liabilities from selling the retail class shares and then buying the lower expense share class. TDAIM will review client accounts that transferred in different share classes of compatible mutual funds and will convert share classes to the approved share class where we believe doing so would be beneficial to the client (for example to help lower the client's expenses). The limitations on compatible mutual funds contained in this paragraph apply to both initial and subsequent contributions. TDAIM will assume discretion as to the compatible mutual funds, and the client acknowledges that all or a portion of the contributed mutual funds may be redeemed, either initially or during the course of management of his or her strategy.

The dividends and capital gains from the mutual funds generally will be reinvested. However, clients will have the option to request systematic withdrawals including dividend and interest disbursements. Requests for systematic withdrawals that may invade principal by going beyond dividend and interest income will be reviewed and we reserve the right to not accept the request.

Furthermore, if the client's account falls below a certain threshold set forth in the TD Ameritrade Investment Management Service Agreement as a result of taking systematic withdrawals, the client acknowledges that TDAIM retains the right to cancel the client's systematic withdrawal request. Mutual funds can provide a diversified portfolio that may limit exposure to large price fluctuations of individual stocks or bonds. Mutual funds do not provide complete protection from price volatility in the event of broad market declines, however, and individual securities may outperform mutual funds.

### **v. Trades**

In order to begin placing trades for a client's account, the client's TD Ameritrade Investing Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TD Ameritrade Investing Account in the amount at or above the threshold specified in the TDAIM Service Agreement, the recommended trades will be placed in the account during the next trading window (TDAIM intends to enter the transactions with TD Ameritrade Clearing, Inc. at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate. The orders will be executed at the end of the day).

However, in certain market conditions such as: 1) significant market losses or gains (generally based on important economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple

trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

Since mutual funds trade at a daily NAV, clients participating in the daily trading windows will receive the same average price.

## **b. Selective Portfolios Using Exchange Traded Funds (“ETF”) Investments**

### **i. Selective Core ETF Portfolios Details**

The Selective Core ETF Portfolios are similar to the Selective Core Mutual Fund Portfolios as to asset allocations but use ETFs as the primary investment vehicle. The Selective Core ETF Portfolios are designed for clients who are concerned more about costs and tax efficiency than about accessing actively managed mutual funds. ETFs generally seek to match the performance of a specific market index, asset class, or sector. They usually have lower annual expenses than mutual funds as they require little if any manager oversight (passively managed). They generally are more tax-efficient than mutual funds.

Similar to the Selective Core Mutual Fund Portfolios, the Selective Core ETF Portfolios have been based on the online asset allocations recommended to TDAIM by Morningstar Investment Management. As noted in A. SERVICES PROVIDED above, the agreement for Morningstar Investment Management’s consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021. The ETF portfolio models are called: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. In each model, the service allocates assets among domestic equity, international, specialty, and fixed-income ETFs. Selective Core ETF Portfolio positions are intended to be long-term investments (a minimum investment time horizon of one year) consisting primarily of approximately 15-25 ETFs with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). The actual portfolio allocations will from time to time differ from the target allocations as a result of market movements, rebalancing tolerances or TDAIM’s adjustments. The cash will be held in a designated cash sweep vehicle. For information about TDAIM’s tax loss harvesting feature in regard to its Selective ETF Portfolios, see subsection e. below at page 6.

### **ii. Opportunistic Portfolios Details**

The Opportunistic Portfolios seek long-term growth with a more tactically managed investment approach. They are designed for clients who may be more aggressive investors or prefer a more active portfolio as a complement to other investment strategies.

Unlike the portfolios described above that use a strategic asset allocation method, the Opportunistic Portfolios use a tactical investment approach with an additional equity sector rotation strategy. Strategic asset allocations generally consist of broadly diversified asset allocations that are reassessed at least monthly. The Opportunistic Portfolios use a tactical asset allocation method with more defined asset classes, and generally involve a more active portfolio management strategy to pursue short-term opportunities in different sectors or countries based on changes in the market.

Similar to the strategic portfolios, the Opportunistic Portfolios utilize diversified asset allocations including asset classes, such as domestic equity, international, alternative, and fixed income. However, since the Opportunistic Portfolios have a tactical investment approach, there is a wider diversity of asset classes with industry sectors compared to the strategic portfolios. The expanded asset classes allow for tactical shifts (reallocating). This allows for reallocating assets into sectors with potential larger returns and decreasing assets in sectors with lower potential opportunities. The goal of a tactical portfolio is to outperform relative to a comparison benchmark.

Due to the more aggressive nature of the portfolios, TDAIM has created only two models: Moderate Growth and Aggressive. The portfolios are typically expected to be rebalanced or reallocated monthly. Since strategies using a tactical approach have more frequent trading, they may also have greater tax implications for taxable portfolios.

The Opportunistic Portfolios use ETFs as the primary investment vehicle. Opportunistic Portfolio positions consist primarily of approximately 20-30 ETFs with the balance consisting of cash and cash alternatives (approximately 0.5% - 3%). The actual portfolio allocations will from time to time differ from the target allocations as a result of market movements, rebalancing tolerances or TDAIM’s adjustments. There is one primary ETF recommended for each asset class. The cash will be held in a designated cash sweep vehicle.

### **iii. Asset Allocations**

Pursuant to an agreement, and as described in *i. Selective and Essential Portfolios—General Description* above, Morningstar Investment Management has provided asset allocation, fund selection and otherservices to TDAIM. As noted above, the agreement for Morningstar Investment Management’s investment consulting services to TDAIM terminated February 7, 2021. CSIM began providing investment consulting services to TDAIM on February 8, 2021.. The Selective Core ETF Portfolios asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data, and on implied risk and return estimates. The Selective Core ETF Portfolios asset allocations use a strategic asset allocation approach that is value driven and generally consist of broadly diversified asset allocations that will be reassessed at least monthly.

With the Opportunistic Portfolios, TDAIM performs a qualitative calculation which is a fundamental analysis of the global markets. Next, it performs qualitative calculations to determine the momentum/volatility of the whole equity market and each asset class. Finally, it reviews the fundamental dynamic asset allocation, which determines the overall equity and fixed income changes. The calculations produce the adjustments to the portfolios. TDAIM will perform monthly strategy evaluations including reviewing the asset allocations and ETFs utilized. TDAIM will have a primary ETF along with at least one alternate/replacement ETF for each asset class in consideration of, among other things, tax-loss harvesting and client-initiated investment restrictions.

The process TDAIM uses to select ETFs is similar to that for mutual funds. TDAIM analyzes the ETFs available through TD Ameritrade. In making the ETF recommendations, however, TDAIM puts a greater focus on evaluating the particular risk characteristics of ETFs (such as trading volume, liquidity, and discounts). TDAIM also spends time determining how best to combine ETFs, as their strategies can be much more narrowly focused than mutual funds and may offer less asset class coverage. As the ETFs that are used in the service are passively managed, manager history is not considered in the evaluations.

TDAIM may in its discretion accept ETFs owned by the client into his or her TD Ameritrade Investing Account if the ETFs are considered compatible with his or her strategy. We reserve the right to accept and utilize in the client’s portfolio ETFs that were previously recommended by us. This may

result in TDAIM maintaining different sets of ETFs in client portfolios. For example, if a client was in a self-directed portfolio and switched to a Selective Core ETF Portfolio and moved previously recommended ETFs from his self-directed portfolio to the new Core ETF Portfolio, TDAIM may retain the ETFs if they are valid for the new portfolio even though the ETF may not be the number one ranked ETF for the asset class. Maintaining the ETFs in the new Core ETF Portfolio may be a benefit to the client as it may reduce potential tax liabilities. The limitations on compatible and previously recommended ETFs contained in this paragraph apply to both initial and subsequent contributions. We will assume discretion as to the compatible and previously recommended ETFs, and the client acknowledges that all or a portion of the contributed ETFs may be redeemed, either initially or in the course of management of his or her strategy. In cases where the client transfers into their TD Ameritrade Investing Account two or more compatible ETFs that are appropriate for a single asset class, we will retain the higher ranked ETF for the asset class and the lower ranked ETFs will be liquidated and rebalanced accordingly. The client further acknowledges that there may be tax implications from the redemption, sale, or exchange of the securities and will be responsible for any tax liabilities that result from the transactions.

#### **iv. ETF Transactions**

In order to begin placing trades for a client's account, the client's TD Ameritrade Investing Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TD Ameritrade Investing Account in the amount at or above a certain threshold specified in the TDAIM Service Agreement, the recommended trades will be placed in the account during the next trading window. (TDAIM intends to enter the transactions with TD Ameritrade at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate). We generally trade in full shares of ETFs. However, depending on the value of your TD Ameritrade Investing Account and the price of the ETFs, we will trade in fractional shares. Trading in fractional shares will help us invest in a portfolio allocation that is closer to the recommended target allocation. We will aggregate orders of recommended purchases and sells and enter the orders with TD Ameritrade Clearing, Inc. (See response below at Brokerage Practices of this disclosure brochure.)

However, in certain market conditions such as: 1) significant market losses or gains (generally based on important economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. These orders will be aggregated and will receive an average price that is separate from the regular daily trading job. We also reserve the right to execute ETF transactions using market orders per client request or if extenuating circumstances lead to an account missing a trading window. For example, when a client requests an immediate liquidation and distribution from an account after the daily trading window has closed and before the next trading day. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

In addition, the dividends from the ETFs generally will not be reinvested and clients will have the option to request systematic withdrawals including dividend disbursements. However, requests for systematic withdrawals that may invade principal will be reviewed and we reserve the right to not accept the request.

Furthermore, if the client's account falls below a certain threshold specified in the TDAIM Service Agreement as a result of taking systematic withdrawals, the client acknowledges that TDAIM retains the right to cancel the client's systematic withdrawal request. ETFs can provide a diversified portfolio. However, ETFs are subject to risk similar to those of stocks. Portfolio investment returns will fluctuate and are subject to market volatility.

### **c. Managed Risk Portfolio**

#### **i. Details**

The Managed Risk Portfolio service uses mutual funds as the primary investment vehicles. The asset allocations and mutual fund selections by TDAIM have been based on recommendations from Morningstar Investment Management. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021. The portfolio is designed for investors seeking relatively consistent growth and preservation of capital rather than maximization of returns.

The Managed Risk Portfolio service seeks to limit portfolio volatility in an effort to provide protection against declines in the equity markets. The service seeks to pursue this goal by investing in selected mutual funds that, when combined in a single portfolio, are expected to provide the desired volatility characteristics and return expectations. The service seeks to provide diversified exposures across asset classes, geographies, economic sectors, and time horizons. The service is not designed to outperform stocks and bonds in strong markets. There is no guarantee the underlying mutual funds will achieve positive returns or that the service's objectives will be achieved.

The strategy seeks mutual funds that directly or indirectly (as through other mutual funds) invest in a variety of exchange traded financial instruments, including but not limited to:

1. Stocks
2. Bonds
3. Commodities
4. Derivatives
5. Cash

The strategy may also use a wide variety of mutual funds that use nontraditional investment strategies, including but not limited to the following:

1. Long-only
2. Long-short
3. Merger Arbitrage
4. Convertible Arbitrage
5. Tactical asset allocation
6. Managed Futures
7. Multistrategy
8. Commodities
9. Multisector fixed income
10. Risk parity

The Managed Risk Portfolio service is intended for long-term investors (a minimum investment time horizon of one year). The portfolio will consist primarily of between 5 and 15 mutual funds, with the balance consisting of cash and cash alternatives (generally 0.5%-3%). The actual portfolio allocations will from time-to-time differ from the target allocations as a result of market movements or TDAIM's adjustments. The cash will be held in a designated cash sweep vehicle. The underlying mutual funds may also contain a residual cash position. Some of the mutual funds used in the portfolio will invest in affiliated funds rather than underlying individual securities. Some of the portfolio funds and some of the funds they invest in will be "non-diversified". That means they may invest in a small number of issuers, sectors, or locations, making them more susceptible to risks affecting such areas of concentration than a more diversified fund might be.

The Managed Risk Portfolio service is not a cash vehicle, cash alternative, or money market fund equivalent and is not for short-term investing (less than one year). It should not be viewed as similar to or used for these objectives.

The mutual funds used in the Managed Risk Portfolio service invest in securities (including mutual funds) and strategies with inherent risks, including market, credit, geographical, and derivatives risk. The funds entail possible loss of value as described in the *Methods of Analysis, Investment Strategies, and Risk of Loss* section below.

#### **ii. Asset Allocations**

Pursuant to an agreement and as described in A. SERVICES PROVIDED above, Morningstar Investment Management has provided asset allocation, fund selection and other services to TDAIM for the Managed Risk Portfolios. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM's consulting services to TDAIM began on February 8, 2021. As described above, the Managed Risk Portfolio service uses an "absolute return" strategy designed to limit volatility and provide diversified exposure across geographies, sectors, and time horizons. The strategy seeks mutual funds with a lower correlation to the equity market (funds that do not move in lockstep with the market). Combining funds that perform differently than the market may help to boost overall (absolute) returns while reducing risk. TDAIM will have a primary mutual fund along with at least one alternate mutual fund for each asset class in consideration of client-initiated investment restrictions.

#### **iii. Mutual Fund Recommendations**

Morningstar Investment Management has provided TDAIM with initial mutual fund investment recommendations and quarterly strategy evaluations for the portfolios. As noted above, the agreement for Morningstar Investment Management's services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021.

The TDAIM fund universe includes the thousands of mutual funds available on the TD Ameritrade platform. The funds are carefully screened and analyzed using a set of qualitative and quantitative factors including but not limited to risk adjusted performance, variance of returns, tax efficiency, expenses (including as to different expense levels associated with different mutual fund share classes), style consistency, and style purity.

TDAIM will attempt to obtain waivers of short-term redemption fees and purchase minimums where possible, as well as access to lower expense share classes, where available. We will attempt to ensure that the lowest expense share class available to our clients on the TD Ameritrade platform is being selected. If a selected mutual fund has a lower expense share class that is available to our clients, we will select it for use in the portfolios, so long as we determine the share class is suitable for our clients. TDAIM, TD Ameritrade, and our affiliates do not accept 12b-1 fees, other service-related fees, or revenue sharing payments from the mutual fund companies or funds utilized in our advisory service.

TDAIM may, in its discretion, accept mutual funds owned by the client into his or her TD Ameritrade Investing Accounts if the mutual funds were previously recommended by us. We may accept and use a compatible mutual fund in the client's portfolio, even if the mutual fund share is of a different share class than the share class of the mutual fund approved for use in the Selective Portfolios service. For example, if a client transfers in a retail share class mutual fund and TDAIM uses a lower expense share class of the same mutual fund, we may retain the retail share class of the mutual fund in the client's portfolio. Accepting the retail share class mutual fund will benefit clients as they will be able to invest in their portfolio more quickly. In addition, it may help reduce potential tax liabilities from selling the retail class shares and then buying the lower expense share class. TDAIM will review client accounts that transferred in different share classes of compatible mutual funds and will convert share classes to the approved share class where we believe doing so would be beneficial to the client (for example to help lower the client's expenses). The limitations on compatible mutual funds contained in this paragraph apply to both initial and subsequent contributions. TDAIM will assume discretion as to the compatible mutual funds, and the client acknowledges that all or a portion of the contributed mutual funds may be redeemed, either initially or during the course of management of his or her strategy.

The dividends and capital gains from the mutual funds generally will be reinvested. However, clients will have the option to request systematic withdrawals including dividend and interest disbursements. Requests for systematic withdrawals that may invade principal by going beyond dividend and interest income will be reviewed and we reserve the right to not accept the request.

Furthermore, if the client's account falls below a certain threshold specified in the TDAIM Service Agreement as a result of taking systematic withdrawals, the client acknowledges that TDAIM retains the right to cancel the client's systematic withdrawal request. Mutual funds can provide a diversified portfolio that may limit exposure to large price fluctuations of individual stocks or bonds. Mutual funds do not provide complete protection from price volatility in the event of broad market declines, however, and individual securities may outperform mutual funds.

TDAIM also reserves the right to accept ETFs that were previously recommended for a portfolio. In such cases, the client grants TDAIM discretion to liquidate the ETFs and invest the proceeds in the client's selected Managed Risk strategy. The client further acknowledges that there may be tax implications from the redemption, sale, or exchange of the compatible securities, and will be responsible for any tax liabilities that result from the transactions.

#### **iv. Placement of Trades**

In order to begin placing trades for a client's account, the client's TD Ameritrade Investing Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their TD Ameritrade Investing Account in an amount at or above a certain threshold specified in the TDAIM Service Agreement, the recommended trades for the portfolios will be placed in the account during the next trading window (TDAIM intends to enter the transactions with TD Ameritrade at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate. The orders will be executed at the end of the day).

However, in certain market conditions such as: 1) significant market losses or gains (generally based on important economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

Since mutual funds trade at a daily NAV, clients participating in the daily trading windows will receive the same average price.

#### **d. Essential Portfolios – General Description**

##### **i. Details**

The Essential Portfolios are a discretionary advisory service. **Essential Portfolios was closed to new investors as of March 11, 2021. Existing investors will continue to be able to change strategies, make deposits and request withdrawals of funds, etc. per the terms of their investment management agreement.** The Essential Portfolios are offered electronically via the Internet as the primary channel of interaction with TDAIM and may be referred to as a robo-advisory service. Accordingly, Essential Portfolios clients need Internet access for activities such as monitoring their portfolio, updating their Profile Information, conducting cash and securities transfers, and communicating with the Essential Portfolios specialists. Essential Portfolios clients agree to receive notices including disclosure brochures, regulatory communications, and other materials electronically in lieu of paper communications. The communications will be delivered electronically to the email address provided on the client's TD Ameritrade Investing Account application. The Essential Portfolios service uses ETFs as the sole investment vehicles. ETFs generally seek to match the performance of a specific market index, asset class, or sector. They usually have lower annual expenses than mutual funds as they require little if any manager oversight (passively managed). They generally are more tax-efficient than mutual funds.

The Essential Portfolios have been based on asset allocations and fund selections recommended to TDAIM by Morningstar Investment Management. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021. The portfolio models are: Conservative, Moderate, Moderate Growth, Growth, and Aggressive. A Socially-Aware version of the portfolio models is also available to clients. With the Socially-Aware portfolio models, the equity allocation utilizes ETFs that track companies that have positive environmental, social, and governance characteristics. The ETFs utilized for the fixed income allocation for all Essential Portfolios models are the same. They generally will not reflect environmental, social, and governance characteristics as there are relatively few such fixed income ETFs. In each model, the service allocates assets among domestic equity, international equity, emerging markets, domestic, and international fixed income ETFs. TDAIM will recommend one ETF for each of the five asset classes, with the balance consisting of cash and cash alternatives (approximately 0.5%-3%). In comparison, the Selective Core ETF Portfolios utilize additional asset classes and consist of approximately 15-25 ETFs. The Essential Portfolios are intended to be long-term investments (a minimum investment time horizon of one year). The actual portfolio allocations will time to time differ from the target allocations as a result of market movements or TDAIM's adjustments. The cash will be held in a designated cash sweep vehicle.

##### **ii. Asset Allocations**

Pursuant to an agreement, and as described in *ii. Selective and Essential Portfolios - General Description* above, Morningstar Investment Management has provided asset allocation, fund selection and other investment services to TDAIM. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021.

TDAIM's Essential Portfolios asset allocation methodology is based on risk and return parameters relying on historic, current, and forecasted data, and on implied risk and return estimates. The asset allocations use a strategic asset allocation approach that is value driven and generally consist of broadly diversified asset allocations that TDAIM will reassess at least annually or more frequently as warranted by market conditions. TDAIM will have a primary ETF along with at least one alternate/replacement ETF for each asset class in consideration of, among other things, tax-loss harvesting and client-initiated investment restrictions.

The process TDAIM uses to select ETFs is similar to the one it uses for mutual funds. TDAIM analyzes the ETFs available through TD Ameritrade. In making the ETF recommendations, however, TDAIM puts a greater focus on evaluating the particular risk characteristics of ETFs (such as trading volume, liquidity, and discounts). TDAIM also spends time determining how best to combine ETFs, as their strategies can be much more narrowly focused than mutual funds and may offer less asset class coverage. As ETFs that are used in the service are passively managed, manager history is not considered in the evaluations. TDAIM, TD Ameritrade, and our affiliates do not accept 12b-1 fees, other service-related fees, or revenue sharing payments from the fund companies or funds utilized in our advisory service.

TDAIM may in its discretion accept ETFs owned by the client into his or her TD Ameritrade Investing Accounts if the ETFs are compatible with his or her strategy. We reserve the right to accept and utilize in the client's portfolio ETFs that were previously recommended by us. This may result in TDAIM maintaining different sets of ETFs in client portfolios. For example, if a client was in a self-directed portfolio and switched to an Essential Portfolio and moved previously recommended ETFs from a self-directed portfolio to the new Essential Portfolio, TDAIM may retain the ETFs if they are valid for the new portfolio even though the ETF may not be the number one ranked ETF for the asset class. Maintaining previously recommended ETFs in the new Essential Portfolio may be a benefit to the client as it may reduce potential tax liabilities. The limitations on compatible and previously recommended ETFs contained in this paragraph apply to both initial and subsequent contributions. We will assume discretion as to the compatible and previously recommended ETFs, and the client acknowledges that all or a portion of the contributed ETFs may be redeemed, either initially or in the course of management of his or her strategy. In cases where the client transfers into their TD Ameritrade Investing Account two or more compatible ETFs that are appropriate for a single asset class, we will retain the higher ranked ETF for the asset class and the lower ranked ETFs will be liquidated and rebalanced accordingly. The client further acknowledges that there may be tax implications from the redemption, sale, or exchange of the securities and will be responsible for any tax liabilities that result from the transactions.

### iii. ETF Transactions

In order to begin placing trades for a client's Essential Portfolio, the client's TD Ameritrade Investing Account application (including related forms) and other required forms must first be received and approved. Next, after the client deposits cash in their TD Ameritrade Investing Account in the amount at or above a certain threshold specified in the TDAIM Service Agreement, the recommended trades will be placed in the account during the next trading window. (TDAIM intends to enter the transactions with TD Ameritrade at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate). We will aggregate orders of recommended purchases and sells and enter the orders with TD Ameritrade Clearing, Inc. (See response below at Brokerage Practices of this disclosure brochure.)

However, in certain market conditions such as: 1) significant market losses or gains (generally based on important economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. These orders will be aggregated and will receive an average price that is separate from the regular daily trading job. We also reserve the right to execute ETF transactions using market orders per client request or extenuating circumstances lead to an account missing a trading window. For example, when a client requests an immediate liquidation and distribution from an account after the daily trading window has closed and before the next trading day. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

In addition, the dividends from the ETFs generally will not be reinvested and clients will have the option to request systematic withdrawals including dividend disbursements. However, requests for systematic withdrawals that may invade principal will be reviewed and we reserve the right to not accept the request. Furthermore, if the client's account falls below a certain threshold specified in the TDAIM Service Agreement as a result of taking systematic withdrawals, the client acknowledges that TDAIM retains the right to cancel the client's systematic withdrawal request. ETFs can provide a diversified portfolio. However, ETFs are subject to risk similar to those of stocks. Portfolio investment returns will fluctuate and are subject to market volatility.

#### **e. Tax-Loss Harvesting**

TDAIM offers a tax-loss harvesting ("TLH") feature. It is a strategy designed to help manage your portfolio in a tax-efficient manner by seeking to lower your taxes by selling securities at a loss to offset potential capital gains. Tax-loss harvesting is not appropriate for all investors. It generally is more beneficial to investors in higher tax brackets and high tax states. For more information, please see our whitepaper at <https://www.tdameritrade.com/investment-guidance/investment-management-services/tax-loss-harvesting/tax-loss-harvesting-wash-sales.page>.

The TLH feature is currently only available in taxable accounts utilizing the Essential Portfolios or Selective Portfolios services, which use ETFs as the investments, and in certain Personalized Portfolios. In addition, accounts with investment restrictions and/or holding alternative ETFs are not eligible for the TLH feature.

For clients who have enrolled in the TLH feature, each trading day TDAIM will review your account for any ETFs that have unrealized losses. Specifically, we look at the individual tax lot to identify investment losses meeting or exceeding a specified loss threshold and dollar amount. If these thresholds are met, that tax lot will be sold. To replace the sold security, we will attempt to buy shares of a replacement security if there is a replacement security available that fits your portfolio's asset allocation and risk characteristics and itself is not subject to the 30 day wash sale period. TDAIM does not represent or guarantee that the objectives of the TLH feature will be met or that a replacement security will be available when a tax lot is sold. In some instances with the Socially-Aware portfolio models, the availability of a replacement security with the appropriate environmental, social governance characteristics will be limited. In these instances, TDAIM generally utilizes non-socially aware ETFs as a replacement and then rebalance back into the primary ETFs after the wash sale period has passed. Wash sales, missed tax-loss events, excess cash or inadvertent gains may be generated. The performance of the replacement security may be better or worse than the performance of the security that is sold for tax-loss harvesting purposes. TDAIM will execute the tax-loss harvesting trades on a best efforts basis as there are situations when we are unable to harvest losses due to possible wash sale avoidance or to avoid excess cash in the portfolio. In addition, during volatile markets, small gains may be harvested as the price of the security being sold for a loss may move between the time of the TLH calculations and the scheduled daily trading job. When you enroll in the tax-loss harvesting feature, the enrollment is on an account basis and does not apply to other TDAIM portfolios you may have.

**TDAIM and its affiliates do not provide tax advice. We suggest you consult a tax-planning professional with regard to your personal circumstances as to whether the TLH feature is appropriate for you.**

You should educate yourself regarding the Internal Revenue Service ("IRS") wash sale rule. The IRS identifies the specifics of this rule in IRS Publication 550. In brief summation, the IRS established the wash sale rule to limit an investor's ability to claim a tax loss. If you do not have any capital gains or you have more losses than gains, you can use up to \$3,000 of investment losses to offset your income.

The IRS prohibits an investor from claiming a tax loss if an investor repurchases the same security (or a substantially similar security) either 30 days before OR 30 days after selling a security for a loss. To evaluate whether an investor violated the wash sale rule or not, the entire trading activity of an investor must be reviewed. Our TLH feature is only available on an account basis and does not apply to other TDAIM portfolios you may have. Each eligible TDAIM portfolio must be enrolled separately in the TLH feature. Accordingly, we do not base tax loss situations on activity that happens in your other TDAIM portfolios or any other brokerage account. So it is important to review all your taxable and non-taxable accounts including your spouse's accounts and accounts of business entities controlled by you to determine if you run the risk of violating the wash sale rule.

The wash sale rule postpones losses on a sale, if replacement shares are bought around the same time.

#### **f. Drift-Based Rebalancing**

Depending on your selected model, there will generally be an annual, quarterly or monthly rebalancing of your portfolio along with automatic drift-based rebalancing designed to keep the portfolio close to its target allocations during higher market volatility.

## **2. Personalized Portfolios – General Description**

The Personalized Portfolios discretionary service involves the use of Morningstar Investment Management as an investment consultant to TDAIM, as described above under *A. Services Provided*. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021.

TDAIM will recommend an appropriate long-term asset allocation strategy to Personalized Portfolios clients according to the client's planned funding, investment objectives, risk tolerance, investment time horizon, age (in certain circumstances), employment status, likelihood of significant withdrawals from the account, any supplemental information, and any reasonable restrictions (collectively, "Profile Information"). In any case, TDAIM clients will convey their Profile Information to an FC who will help prospects become TDAIM clients. Then the FC will forward the client's Profile Information to a TDAIM Portfolio Consultant ("PC") to have more extended discussions around goal planning. The PC will work with the client to build a tailored portfolio based on the client's Profile Information. The client will initially be recommended a Core Strategy (Conservative, Moderate, Moderate Growth, Growth and Aggressive) using a combination of ETFs and mutual funds. However, after further discussing their needs with a PC, the PC may recommend another strategy that may be more appropriate for the client because of client imposed investment restrictions, client preferences, or management style. The other strategies include, but are not limited to, Tax-Aware, Socially-Aware, Ultra-Conservative, Ultra-Aggressive, Income and Growth, and Equity Income Portfolios and/or the client may be recommended a +/- 5% variance on the recommended Strategy's equity allocation. Clients who enter a relatively short time horizon will receive a relatively conservative portfolio recommendation regardless of their risk tolerance. The construction of your Personalized Portfolio(s) is based solely on the information provided by you to TDAIM and is assembled in consideration of the suitability and risk tolerance presented specific to your portfolios. A Personalized Portfolio is not intended to provide a complete financial plan.

Assets held at other financial institutions, while used in the assessment of your overall investment and risk profile, are a snapshot in time and are not monitored, reviewed, or in any way evaluated in the ongoing management of the advisory accounts by TDAIM. You are responsible to contact your Financial Consultant if you have changes to your assets not managed by TDAIM or if there is a change to your financial circumstances that would necessitate the need for an updated assessment of your Personalized Portfolio.

Securities used in a strategy may include, but are not limited to, ETFs, closed-end funds, open-end mutual funds, common or preferred stock, convertible stocks or bonds, options, warrants, and rights as well as corporate, municipal, or government bonds, notes, or bills. We may also recommend allocating portions of your account into a Separately Managed Account ("SMA"). TDAIM will place uninvested cash in your account into a cash sweep vehicle. The portion of your portfolio in cash generally will be 0.5% to 3% of the total portfolio, but in certain portfolios may be as high as 35%. The cash buffer ensures the availability of cash for payment of our advisory fee and provides liquidity to cover potential price changes in market orders. In taxable accounts, the cash sweep vehicle is the TD Ameritrade FDIC Insured Deposit Account ("IDA") provided by one or more banks ("Program Banks"). The IDA is insured up to the applicable limits. In non-taxable accounts, the cash sweep vehicle is a US Government money market fund, the Vanguard Treasury Money Market Fund. Investments in money market funds are subject to restrictions, charges, and expenses described in the prospectus. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any government agency, TDAIM, or its affiliates, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share. You understand that you will receive periodic statements for sweep transactions involving money market funds in lieu of immediate confirmations. TDAIM's advisory fee applies to the portion of the account maintained in cash. If you decide to leave cash or cash alternatives in the account that are not managed by TDAIM, you are not charged a fee until they are invested in the portfolio. (See Fees and Compensation below.) TD Ameritrade Investing Accounts are opened as cash accounts rather than margin accounts and margin is not available. In addition, we generally do not allow clients to fund their TD Ameritrade Investing Accounts with cash borrowed from a margin account, whether from another TD Ameritrade brokerage account or another unrelated broker-dealer account.

In order to participate in the Personalized Portfolios Service, the client will need to open a dedicated brokerage account (known as a TD Ameritrade Investing Account) at TD Ameritrade. The client grants TDAIM discretion in the TD Ameritrade Investing Account to buy, sell, or otherwise trade securities or other investments in the account without discussing the transactions with the client in advance. To the extent that a client decides to implement any TDAIM recommendation through his or her TD Ameritrade brokerage account, TD Ameritrade acts solely as a broker on an unsolicited basis in connection with such transactions and is not acting as an advisor to the client. TDAIM will make investment decisions for the account according to the investment objectives and financial circumstances described in the client's Profile Information or such documents that outline the client's assets, goals, investment time horizon, and risk tolerance. In addition, the client grants TDAIM the authority to delegate any or all of its discretionary authority and any other rights, powers and functions granted to TDAIM to the sub-advisor described below, which will assist TDAIM in providing services to the client. We are not authorized to withdraw cash or securities from the client's account other than in connection with the payment of our advisory fees as described in the *Fees and Compensation and Custody* sections below.

TDAIM's discretionary decisions generally are made without considering potential tax consequences to the client, but such consequences may be taken into account in connection with possible fund substitutions within the same mutual fund family. The client is responsible for any tax liabilities resulting from transactions (including any arising from the addition of assets to or withdrawal of assets from the client's account). We make no representation regarding the likelihood or probability that any proposed investing plan will in fact achieve a particular investment goal. We are unable to predict or forecast market fluctuations or other uncertainties that may affect the value of any investment. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investing in general, as well as the investments and the overall portfolio composition suggested by TDAIM. See response below at *Methods of Analysis, Investment Strategies, and Risk of Loss* of this disclosure brochure.

TDAIM has appointed Sawtooth Solutions, LLC, a federally registered investment advisor, as sub-advisor to the client (hereinafter, the "Sub-Advisor"). The Sub-Advisor has been selected to provide additional services to the client. Those services include portfolio management services such as trading, account monitoring, and performance reporting as well as for the selection, due diligence, and access to the Model Managers in the Sub-Advisor's Managed Account Program. The Sub-Advisor has the discretionary authority to (i) invest and reinvest the assets in the account, and (ii) implement the models in the Managed Account Program described below. The Sub-Advisor shall bear no responsibility or liability for any portions of the client accounts it does not manage.

The Sub-Advisor offers the Managed Account Program (the "Program"). The Program provides the client with access to the investment management services of the Sub-Advisor, which includes the selection of (i) individual securities, or (ii) one or more proprietary model portfolios, or (iii) the model

portfolios of various third-party investment advisors. A third-party investment advisor, or "Model Manager," provides the research and development for their model portfolio as well as continuous monitoring of the selection and allocation of securities utilized in the model portfolio.

The Sub-Advisor will receive from the Model Manager all purchase and sale recommendations for the model portfolios that will enable the Sub-Advisor to manage client assets in accordance with a Model Manager's recommendations. In the event the Sub-Advisor's proprietary model portfolio is utilized in the client's account, the Sub-Advisor will provide the related purchase and sale recommendations.

The Sub-Advisor will monitor the performance of the client's account and may reallocate the client's account assets among the available Model Manager's model portfolios according to the individual needs and circumstances of the client. The Sub-Advisor will have full discretion to allocate and reallocate the account and to increase or decrease the portion of the account allocated to each Model Manager, including itself. The Sub-Advisor also acts as a "manager of managers" by retaining and replacing any third-party Model Manager, by allocating and reallocating the account among the Model Managers in the Program, or by allocating to individual securities.

Under certain circumstances, the Sub-Advisor may offer the client the ability to utilize a proprietary model developed by a third-party advisor. In such cases, the Sub-Advisor will implement standard Model Manager due diligence on the advisor, including but not limited to; examining the experience, expertise, investment philosophies, and past performance of the advisor to determine if it has demonstrated an ability to invest over a period of time and in different economic conditions. The Sub-Advisor reserves the right to decline any advisor's proposed strategy for any reason. If accepted, the Sub-Advisor will enter into a standard Model Portfolio Agreement with the advisor to provide third-party research that will include purchase and sale recommendations in the form of a model portfolio to be used in the management of the investments in the Client's Account.

TDAIM and TD Ameritrade provide periodic comprehensive reporting services via ByAllAccounts, which can incorporate other client investment assets including those investment assets that are not part of the assets managed by TDAIM (the "Excluded Assets") (assets over which the client maintains trading authority vs. trading authority designated to another investment professional). The service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because TDAIM and TD Ameritrade do not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets, the client (and/or the other investment professional), and not TDAIM or TD Ameritrade shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets.

Furthermore, the client and the client's advisors that maintain trading authority, and not TDAIM or TD Ameritrade, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, TDAIM and TD Ameritrade shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets.

#### **a. Asset Allocations**

Morningstar Investment Management has constructed and recommended to TDAIM the asset allocations for the Personalized Portfolios. As noted above, the agreement for Morningstar Investment Management's consulting services to TDAIM terminated on February 7, 2021 and CSIM's consulting services to TDAIM began on February 8, 2021. The asset allocations have used a strategic asset allocation approach that is value driven and generally consists of broadly diversified asset allocations. TDAIM will strive to meet the asset allocation targets as closely as possible while accounting for fund-specific attributes. However, the actual allocations will fluctuate (for example, in response to changing market conditions). That is because of the nature of mutual fund investment activity and changes in the underlying holdings. In addition, the allocations are subject to change without notice.

TDAIM will have a primary security along with at least one alternate security for each asset class in consideration of, among other things, tax-loss harvesting and client-initiated investment restrictions.

#### **b. ETF and Mutual Fund Recommendations**

The client will initially be recommended a Core Strategy (Conservative, Moderate, Moderate Growth, Growth, and Aggressive) using a combination of ETFs and mutual funds.

The TDAIM fund universe includes the thousands of mutual funds and ETFS available on the TD Ameritrade platform. The funds are carefully screened and analyzed by TDAIM using a set of qualitative and quantitative factors including but not limited to risk-adjusted performance, variance of returns, tax efficiency, expenses (including as to different expense levels associated with different mutual fund share classes), style consistency, and style purity.

TDAIM will attempt to obtain waivers of short-term redemption fees and purchase minimums where possible, as well as access to lower expense share classes, where available. We will attempt to ensure that the lowest expense share class available to our clients on the TD Ameritrade platform is being selected. If a selected mutual fund has a lower expense share class that is available to TDAIM clients, we will select it for use in the Personalized Portfolios, so long as we determine the share class is suitable for our clients. TDAIM, TD Ameritrade, and our affiliates do not accept 12b-1 fees, other service-related fees, or revenue sharing payments from the mutual fund companies or funds utilized in our advisory service.

The process TDAIM uses to select ETFs is similar to that for mutual funds. TDAIM analyzes the ETFs available through TD Ameritrade. In selecting ETFs, however, TDAIM puts a greater focus on evaluating the particular risk characteristics of ETFs (such as trading volume, liquidity, and discounts). TDAIM also spends time determining how best to combine ETFs, as their strategies can be much more narrowly focused than mutual funds and may offer less asset class coverage. As the ETFs that are used in the service are passively managed, manager history is not considered in the evaluations.

TDAIM may in its discretion accept ETFs owned by the client into his or her TD Ameritrade Investing Accounts if the ETFs are compatible with his or her strategy. We reserve the right to accept and utilize in the client's portfolio ETFs that were previously recommended by us. This may result in TDAIM maintaining different sets of ETFs in client portfolios. TDAIM may retain the ETFs if they are valid for the new portfolio even though the ETF may not be the number one ranked ETF for the asset class. Maintaining previously recommended ETFs may be a benefit to the client as it may reduce potential tax liabilities. The limitations on compatible and previously recommended ETFs contained in this paragraph apply to both initial and subsequent contributions. We will assume discretion as to the compatible and previously recommended ETFs, and the client acknowledges that all or a portion of the contributed ETFs may be redeemed, either initially or in the course of management of his or her strategy. In cases where the client transfers into their TD Ameritrade Investing Account two or more compatible ETFs that are appropriate for a single asset class, we will retain the higher ranked ETF for the asset class and the lower ranked ETFs will be liquidated and rebalanced accordingly. The client further acknowledges that there may be tax implications from the redemption, sale, or exchange of the securities and will be responsible for any tax liabilities that result from the transactions.

ETF trades in a TD Ameritrade Investing Account holding Personalized Portfolios are executed according to, and dependent upon, the number of shares of a particular ETF that are submitted for trading during regular market hours.

If the client's account falls below \$250,000 as a result of taking systematic withdrawals, the client acknowledges that TDAIM retains the right to cancel the client's systematic withdrawal request. ETFs can provide a diversified portfolio. However, ETFs are subject to risk similar to those of stocks. Portfolio investment returns will fluctuate and are subject to market volatility.

#### **c. Incompatible Securities**

To the extent that the client deposits securities, that are otherwise deemed incompatible by TDAIM into their Personalized Portfolios TD Ameritrade Investing Account, TDAIM may exercise discretion as to such securities. Asset deposits to TD Ameritrade Investing Accounts, from internal (TD Ameritrade) or external sources, may be subject to recommendations made by TDAIM for funding of Personalized Portfolio strategies. Funding tickets produced in conjunction with client accepted Personalized Portfolio proposals will be delivered to investment services representatives in support of incompatible asset liquidations and acted upon promptly. TDAIM will not charge for liquidations of securities in TD Ameritrade Investing Accounts. Assets identified as not subject to liquidation recommendations will be transferred in-kind to a TD Ameritrade retail brokerage account for self-directed management by the client. The Investing Account will not be actively managed until all the incompatible securities have either been liquidated or transferred from the account. We do not charge advisory fees on incompatible securities in the client's TD Ameritrade Investing Account. See response below at Fees and Compensation of this disclosure brochure.

#### **d. Tax-Loss Harvesting**

TDAIM offers a tax-loss harvesting ("TLH") feature for the ETF portion of a Personalized Portfolio. It is a strategy designed to help manage your portfolio in a tax efficient manner by seeking to lower your taxes by selling securities at a loss to offset potential capital gains. Tax-loss harvesting is not appropriate for all investors. It generally is more beneficial to investors in higher tax brackets and high tax states. For more information, please see our whitepaper at <https://www.tdameritrade.com/investment-guidance/investment-management-services/tax-loss-harvesting/tax-loss-harvesting-wash-salepage>.

With Personalized Portfolios, the TLH feature is currently only available with the ETF portion of taxable accounts. In addition, accounts with investment restrictions and/or holding alternative ETFs are not eligible for the TLH feature.

For clients who have enrolled in the TLH feature, each trading day TDAIM will review your account for any ETFs that have unrealized losses. Specifically, we look at the individual tax lot to identify investment losses meeting or exceeding a specified loss threshold and dollar amount. If these thresholds are met, that tax lot will be sold. To replace the sold security, we will attempt to buy shares of a replacement security if there is a replacement security available that fits your portfolio's asset allocation and risk characteristics and itself is not subject to the 30-day wash sale period. TDAIM does not represent or guarantee that the objectives of the TLH feature will be met or that a replacement security will be available when a tax lot is sold. In the Socially-Aware portfolio models, the availability of a replacement security with the appropriate environmental, social governance characteristics is limited. TDAIM generally utilizes non-socially aware ETFs as a replacement and then rebalance back into the primary ETFs after the wash sale period has passed. Wash sales, missed tax-loss events, excess cash or inadvertent gains may be generated. The performance of the replacement security may be better or worse than the performance of the security that is sold for tax-loss harvesting purposes. TDAIM will execute the tax-loss harvesting trades on a best efforts basis as there are situations when we are unable to harvest losses due to possible wash sale avoidance or to avoid excess cash in the portfolio. In addition, during volatile markets, small gains may be harvested as the price of the security being sold for a loss may move between the time of the TLH calculations and the scheduled daily trading job.

**TDAIM and its affiliates do not provide tax advice. We suggest you consult a tax-planning professional with regard to your personal circumstances as to whether the TLH feature is appropriate for you.**

You should educate yourself regarding the Internal Revenue Service ("IRS") wash sale rule. The IRS identifies the specifics of this rule in IRS Publication 550. In brief summation, the IRS established the wash sale rule to limit an investor's ability to claim a tax loss. If you do not have any capital gains or you have more losses than gains, you can use up \$3,000 of investment losses to offset your income.

The IRS prohibits an investor from claiming a tax loss if an investor repurchases the same security (or a substantially similar security) either 30 days before OR 30 days after selling a security for a loss. To evaluate whether an investor violated the wash sale rule or not, the entire trading activity of an investor must be reviewed. Our TLH feature is only available on an account basis and does not apply to other TDAIM portfolios you may have. Each eligible TDAIM portfolio must be enrolled separately in the TLH feature. Accordingly, we do not base tax loss situations on activity that happens in your other TDAIM portfolios or any other brokerage account. So it is important to review all your taxable and non-taxable accounts, including your spouse's accounts and accounts of business entities controlled by you, to determine if you run the risk of violating the wash sale rule. The wash sale rule postpones losses on a sale, if replacement shares are bought around the same time.

#### **e. Drift-Based Rebalancing**

Through natural market movements, a security may drift from its target allocation. Drift-based rebalancing is designed to automatically bring an allocation back to its target allocation. When certain parameters are triggered, a rebalance occurs to bring the security back to its target allocation and reallocate/rebalance across the portfolio.

## Fees and Compensation

### i. Financial Planning

Clients will be notified in the event that TDAIM charges fees for financial planning, as they are not currently being charged.

### ii. Selective Portfolios Using Mutual Fund Investments

#### **a. Core Mutual Fund Portfolios and Managed Risk Portfolio Fee Schedule**

<b>Account Value</b>	<b>Annual Advisory Fee*</b>
First \$125,000	0.90%
Next \$125,000 (or portion thereof)	0.80%
Next \$250,000 (or portion thereof)	0.70%
Additional assets above \$500,000	0.55%

#### **b. Supplemental Income Portfolios Fee Schedule**

<b>Account Value</b>	<b>Annual Advisory Fee*</b>
First \$100,000	0.75%
Next \$150,000 (or portion thereof)	0.60%
Next \$250,000 (or portion thereof)	0.45%
Additional assets above \$500,000	0.30%

\* In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts. The minimum initial investment is generally \$25,000 and \$100,000 for certain business accounts. However, clients can fund an account and implement a portfolio with a lesser dollar amount specified in the TDAIM Service Agreement. The maximum initial investment will vary depending on the model and suitability considerations.

Please note that TDAIM's advisory fees may be waived, in whole or in part, at our sole discretion, including in connection with promotional efforts or special pricing arrangements. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade and its affiliates. Such employees also may be allowed to open related TD Ameritrade accounts at levels below the standard \$25,000 minimum. We also reserve the right to negotiate pricing in individual circumstances for clients with large accounts or multiple accounts, not assess the minimum annual fee in certain circumstances, provide offers to new and prospective clients, and may grandfather the annual advisory fee of pre-existing advisory relationships. We do not bill advisory fees on accounts with an account value of \$1,000 or less. All pricing is subject to change on reasonable notice.

The applicable TDAIM fee will be assessed at the beginning of each quarter, in advance for that quarter. Clients will implement our advice through a dedicated brokerage account (known as a TD Ameritrade Investing Account) at its affiliated brokerage firm, TD Ameritrade, and the fee will be deducted from the assets in the related introducing account held at the affiliated clearing brokerage firm, TD Ameritrade Clearing, Inc. If the client opens their related TD Ameritrade account during a quarter, we will collect a prorated fee for the balance of the quarter upon account funding.

Advisory fees are not charged on assets that are not directly under our management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client-initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for all other assets, including cash held within the portfolio strategy.

If the client closes their related TD Ameritrade account during a quarter, TDAIM will refund to the client the unearned portion of the previously collected fee, which will be calculated on a prorated basis by days. The Core Mutual Fund, Supplemental Income Portfolios, and Managed Risk Portfolio may use mutual funds or share classes that may not be available to you as a retail investor. If you terminate your advisory relationship with TDAIM, we reserve the right to redeem any and all shares of such funds and you may incur a gain or loss from the liquidation. In lieu of liquidation, if available, we reserve the right to convert the shares into a share class for which you are eligible and you will be subject to the terms and conditions including expenses per the mutual fund prospectus and there may be tax consequences.

The above pricing is in the context of clients who deal directly with TDAIM and TD Ameritrade. We reserve the right to provide our services to other types of clients (such as participants in 401(k) plans) and in other contexts (such as portfolio consulting). We also reserve the right to vary our fee structure for such other types of clients and in such other contexts, as well as for TD Ameritrade employees.

If the market value of a client's account falls below the minimum for his or her strategy due to him or her withdrawing assets from the account, TDAIM may require the client to deposit additional money to bring the account up to the required minimum, and we reserve the right to discontinue the advisory relationship and transfer the securities into a like-titled brokerage account with TD Ameritrade.

Mutual fund companies utilized by the Selective Portfolios service reserve the right to charge fund-imposed, short-term redemption fees as detailed in the fund prospectus on transactions initiated due to client requests to raise cash. The mutual funds available in the Selective Portfolios may be available directly from the fund companies, per the terms of the fund prospectuses and without paying the TDAIM advisory fees. However, the mutual funds may be subject to applicable sales charges and other restrictions. Please refer to the fund prospectus for more information. Conversely, TDAIM may provide access to mutual funds or classes of funds that clients may not be qualified to purchase outside of our advisory service.

Clients are also responsible for paying the mutual fund expenses of the underlying funds. The expenses include underlying fund advisory fees and other fund service fees. Please see the fund prospectuses for more information. The mutual fund expenses are separate and apart from the TDAIM advisory fee.

The maximum investment amount will vary depending on the model selected and the client's Profile Information. If the investment amount exceeds the maximum for the model, the client will be contacted by a TDAIM representative to discuss the suitability of the model. If we are unable to contact the client within 30 days, we reserve the right to restrict trading and billing on the account until the client is contacted and the issue is resolved.

### iii. Selective Portfolios Using Exchange Traded Fund Investments

#### a. Core Exchange Traded Funds Portfolios Fee Schedule

Account Value	Annual Advisory Fee*
First \$125,000	0.90%
Next \$125,000 (or portion thereof)	0.80%
Next \$250,000 (or portion thereof)	0.70%
Additional assets above \$500,000	0.55%

#### b. Opportunistic Portfolios Fee Schedule

Account Value	Annual Advisory Fee*
First \$125,000	0.90%
Next \$125,000 (or portion thereof)	0.80%
Next \$250,000 (or portion thereof)	0.70%
Additional assets above \$500,000	0.55%

\* In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts. TD Ameritrade will charge a Regulatory Fee on certain transactions. These charges are typically based on fees assessed under various regulations applicable to transactions. It may include any of the following: a sales fee on certain sell transactions (assessed at a rate consistent with Section 31 of the Securities Exchange Act of 1934), the Options Regulatory Fee (applicable to options transactions), and the Trading Activity Fee (assessed at a rate consistent with Section 1 of Schedule A of FINRA's By-Laws), among other charges. Transactions in foreign securities (including foreign company ADRs that trade in the U.S.) may include taxes and fees charged by the foreign markets or governments, which may be reflected in the price of the security or charged as an independent line item on your monthly statement.

Regulatory Fees	
"Section 31" Fee <sup>1</sup>	\$0.0000051 per \$1.00 of transaction proceeds
Options Regulatory Fee <sup>2</sup>	\$0.012056 per options contract
Trading Activity Fee <sup>3</sup>	\$0.000119 per equity share \$0.002 per options contract \$0.00075 per bond \$0.0000075 x value per asset-backed security trade

<sup>1</sup> Applies to certain sell transactions, assessed at a rate consistent with Section 31 of the Securities Exchange Act of 1934. TD Ameritrade remits these fees to certain self-regulatory organizations and national securities exchanges, which in turn make payment to the SEC. These fees are intended to cover the costs incurred by the government, including the SEC, for supervising and regulating the securities markets and securities professionals. The rate is subject to annual and mid-year adjustments which may not be immediately known to TD Ameritrade; as a result, the fee assessed may differ from or exceed the actual amount of the fee applicable to your transaction. Any excess may be retained by TD Ameritrade. Fees are rounded to the nearest penny.

<sup>2</sup> This fee varies by options exchange, where an options trade executes, and whether the broker responsible for the trade is a member of a particular exchange. As a result, TD Ameritrade calculates a blended rate that equals or slightly exceeds the amount it is required to remit to the options exchanges.

<sup>3</sup> This fee is assessed at a rate consistent with Section 1 of Schedule A of FINRA's By-Laws for trading activity. Current rates are: \$0.000119 per share for each sale of a covered equity security, with a maximum charge of \$5.95 per trade; \$0.002 per contract for each sale of an option; \$0.00075 per bond for each sale of a covered TRACE-Eligible Security (other than an Asset-Backed Security) and/or municipal security, with a maximum charge of \$0.75 per trade; \$0.0000075 times the value, as reported to TRACE, of a sale of an Asset-Backed Security, with a maximum charge of \$0.75 per trade. Fees are rounded to the nearest penny.

The minimum initial investment is generally \$25,000 and \$100,000 for certain business accounts. However, clients can fund an account and implement a portfolio with a lesser dollar amount specified in the TDAIM Service Agreement. The maximum initial investment will vary depending on the model and suitability considerations.

Please note that TDAIM's advisory fees may be waived, in whole or in part, at our sole discretion, including in connection with promotional efforts or special pricing arrangements. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade and its affiliates. Such employees also may be allowed to open related TD Ameritrade accounts at levels below the standard \$25,000 minimum. We also reserve the right to negotiate pricing in individual circumstances for clients with large accounts or multiple accounts, not assess the minimum annual fee in certain circumstances, provide offers to new and prospective clients, and may grandfather the annual advisory fee of pre-existing advisory relationships. We do not bill advisory fees on accounts with an account value of \$1,000 or less. All pricing is subject to change on reasonable notice.

The applicable TDAIM fee will be assessed at the beginning of each quarter, in advance for that quarter. Clients will implement our advice through a dedicated brokerage account (known as a TD Ameritrade Investing Account) at its affiliated brokerage firm, TD Ameritrade. The fee will be deducted from the assets in the related introducing account held at the affiliated clearing brokerage firm, TD Ameritrade Clearing, Inc. If the client opens their related TD Ameritrade account during a quarter, TDAIM will collect a prorated fee for the balance of the quarter upon account funding. Advisory fees are not charged on assets that are not directly under our management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client-initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for all other assets, including cash held within the portfolio strategy. If the client closes their related TD Ameritrade account during a quarter, TDAIM will refund to the client the unearned portion of the previously collected fee which will be calculated on a prorated basis by days.

The above pricing is in the context of clients who deal directly with TDAIM and TD Ameritrade. We reserve the right to provide our services to other types of clients (such as participants in 401(k) plans) and in other contexts (such as portfolio consulting). We also reserve the right to vary our fee structure for such other types of clients and in such other contexts, as well as for TD Ameritrade employees.

If the market value of a client's account falls below the minimum for his or her strategy due to the client withdrawing assets from the account, TDAIM may require the client to deposit additional money to bring the account up to the required minimum, and we reserve the right to discontinue the advisory relationship and transfer the securities into a like-titled brokerage account with TD Ameritrade.

Clients are also responsible for the fees and expenses for owning the ETFs. The expenses may include underlying fund advisory fees and other fund service fees. Please see the fund prospectuses for more information. The ETF expenses are separate and apart from the TDAIM advisory fee. ETFs are available outside of our services without paying the advisory fee but will be subject to trade commission and/or other transactions charges. Conversely, we may provide access to funds or classes of funds that clients may not be qualified to purchase outside of our advisory service.

The maximum investment amount will vary depending on the model selected and the client's Profile Information. If the investment amount exceeds the maximum for the model, the client will be contacted by a TDAIM representative to discuss the suitability of the model. If we are unable to contact the client within 30 days, we reserve the right to restrict trading and billing on the account until the client is contacted and the issue is resolved.

#### **iv. Essential Portfolios**

<b>Annual Advisory Fee*</b>
0.30%

\* In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts. TD Ameritrade will charge a Regulatory Fee on certain transactions. Please see the description of Regulatory Fees under Fees and Compensation, iii. Selective Portfolios Using Exchange Traded Fund Investments.

Please note that TDAIM's advisory fees may be waived, in whole or in part, at our sole discretion, including in connection with promotional efforts or special pricing arrangements. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade and its affiliates. Such employees also may be allowed to open related TD Ameritrade accounts at levels below the standard \$500 minimum. We also reserve the right to negotiate pricing in individual circumstances for clients with large accounts or multiple accounts, not assess the minimum annual fee in certain circumstances, provide offers to new and prospective clients, and may grandfather the annual advisory fee of pre-existing advisory relationships. We do not bill advisory fees on accounts with an account value of \$50 or less. All pricing is subject to change on reasonable notice.

The applicable TDAIM fee will be assessed at the beginning of each quarter, in advance for that quarter. Clients will implement our advice through a dedicated brokerage account (known as a TD Ameritrade Investing Account) at its affiliated brokerage firm, TD Ameritrade. The fee will be deducted from the assets in the related introducing account held at the affiliated clearing brokerage firm, TD Ameritrade Clearing, Inc. If the client opens their related TD Ameritrade account during a quarter, we will collect a prorated fee for the balance of the quarter upon account funding. Advisory fees are not charged on assets that are not directly under our management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client-initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for all other assets, including cash held within the portfolio strategy. If the client closes their related TD Ameritrade account during a quarter, TDAIM will refund to the client the unearned portion of the previously collected fee which will be calculated on a prorated basis by days.

The above pricing is in the context of clients who deal directly with TDAIM and TD Ameritrade. We also reserve the right to vary our fee structure for other types of clients (such as participants in 401k plans) and in such other contexts, (such as portfolio consulting) as well as for TD Ameritrade employees.

If the market value of a client's account falls below the minimum for his or her strategy due to the client withdrawing assets from the account, TDAIM may require the client to deposit additional money to bring the account up to the required minimum, and we reserve the right to discontinue the advisory relationship and transfer the securities into a like-titled brokerage account with TD Ameritrade.

Clients are also responsible for the fees and expenses for owning the ETFs. The expenses may include underlying fund advisory fees and other fund service fees. Please see the fund prospectuses for more information. The ETF expenses are separate and apart from the TDAIM advisory fee. ETFs are available outside of our services without paying the advisory fee but will be subject to trade commission and/or other transactions charges. Conversely, we may provide access to funds or classes of funds that clients may not be qualified to purchase outside of our advisory service.

The maximum investment amount will vary depending on the model selected and the client's Profile Information. If the investment amount exceeds the maximum for the model, the client will be contacted by a TDAIM representative to discuss the suitability of the model. If we are unable to contact the client within 30 days, we reserve the right to restrict trading and billing on the account until the client is contacted and the issue is resolved.

**v. Selective Portfolios**

Account Value	Annual Advisory Fee*
First \$75,000	0.90%
Next \$75,000	0.80%
Next \$200,000	0.75%
Next \$150,000	0.65%
Above \$500,000	0.55%

\* In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in TD Ameritrade Investing Accounts. TD Ameritrade will charge a Regulatory Fee on certain transactions. Please see the description of *Regulatory Fees under Fees and Compensation, iii. Selective Portfolios Using Exchange Traded Fund Investments*. The minimum initial investment is generally \$25,000 and \$100,000 for certain business accounts. However, clients (except for business accounts) can fund an account and implement a portfolio with a lesser dollar amount specified in the TDAIM Service Agreement. The maximum initial investment will vary depending on the model and suitability considerations.

Please note that TDAIM's advisory fees may be waived, in whole or in part, at our sole discretion, including in connection with promotional efforts or special pricing arrangements. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade and its affiliates. Such employees also may be allowed to open related TD Ameritrade accounts at levels below the standard \$25,000 minimum. We also reserve the right to negotiate pricing in individual circumstances for clients with large accounts or multiple accounts, not assess the minimum annual fee in certain circumstances, provide offers to new and prospective clients, and may grandfather the annual advisory fee of pre-existing advisory relationships. We do not bill advisory fees on accounts with an account value of \$1,000 or less. All pricing is subject to change on reasonable notice.

The applicable TDAIM fee will be assessed at the beginning of each quarter, in advance for that quarter. Clients will implement our advice through a dedicated brokerage account (known as a TD Ameritrade Investing Account) at our affiliated brokerage firm, TD Ameritrade. The fee will be deducted from the assets in the related introducing account held at the affiliated clearing brokerage firm, TD Ameritrade Clearing, Inc. If the client opens their related TD Ameritrade account during a quarter, TDAIM will collect a prorated fee for the balance of the quarter upon account funding. Advisory fees are not charged on assets that are not directly under our management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client-initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for all other assets, including cash held within the portfolio strategy. If the client closes their related TD Ameritrade account during a quarter, TDAIM will refund to the client the unearned portion of the previously collected fee which will be calculated on a prorated basis by days.

The above pricing is in the context of clients who deal directly with TDAIM and TD Ameritrade. We reserve the right to provide our services to other types of clients (such as participants in 401(k) plans) and in other contexts (such as portfolio consulting). We also reserve the right to vary our fee structure for such other types of clients and in such other contexts, as well as for TD Ameritrade employees.

If the market value of a client's account falls below the minimum for his or her strategy due to the client withdrawing assets from the account, TDAIM may require the client to deposit additional money to bring the account up to the required minimum, and we reserve the right to discontinue the advisory relationship and transfer the securities into a like-titled brokerage account with TD Ameritrade.

Clients are also responsible for the fees and expenses for owning the ETFs. The expenses may include underlying fund advisory fees and other fund service fees. Please see the fund prospectuses for more information. The ETF expenses are separate and apart from the TDAIM advisory fee. ETFs are available outside of our services without paying the advisory fee but will be subject to trade commissions and/or other transaction charges. Conversely, we may provide access to funds or classes of funds that clients may not be qualified to purchase outside of our advisory service.

The maximum investment amount will vary depending on the model selected and the client's Profile Information. If the investment amount exceeds the maximum for the model, the client will be contacted by a TDAIM representative to discuss the suitability of the model. If we are unable to contact the client within 30 days, we reserve the right to restrict trading and billing on the account until the client is contacted and the issue is resolved.

**vi. Personalized Portfolios**

Account Value	Annual Advisory Fee
First \$500,000	0.90%
Next \$500,000	0.75%
Additional assets above \$1,000,000	0.60%

The client's annual advisory fee is based on a percentage of the value of assets in the client's account that are allocated for the client's Personalized Portfolio. The advisory fee is calculated monthly, applied in arrears, and deducted from the client's account. It is determined by the average daily balance of assets under management in the client's account and, is charged in the following month. In connection with this fee, TD Ameritrade charges no commissions for all eligible transactions in the accounts. The minimum initial investment is \$250,000 for a portfolio consisting of one or more individual accounts, each having at least a \$50,000 minimum. If the market value of the client's account falls below its respective minimum, due to the client's withdrawal of assets, TDAIM may require the client to deposit additional money to bring the account back to the required minimum. We reserve the right to discontinue our advisory relationship with the client and transfer the securities to a like-titled brokerage account with TD Ameritrade.

Please note that TDAIM's advisory fees may be waived, in whole or in part, at our sole discretion, including in connection with promotional efforts or special pricing arrangements. In addition, the fee may be waived, in whole or in part, for employees and certain former employees of TD Ameritrade and its affiliates. We also reserve the right to negotiate pricing in individual circumstances for clients with large accounts or multiple accounts, not assess the minimum annual fee in certain circumstances, provide offers to new and prospective clients, and may grandfather the annual advisory fee of pre-existing advisory relationships. All pricing is subject to change on reasonable notice.

The TDAIM annual advisory fee does not include underlying ETF, closed-end fund, or open-end mutual fund expenses taken at the individual fund level. These are the standard expenses that all shareholders pay. The expenses include underlying fund advisory fees and other fund service fees. The mutual funds available in the portfolio may be available directly from the fund companies, per the terms of the fund prospectuses and without paying our advisory fees. However, the mutual funds may be subject to applicable sales charges and other restrictions. Please refer to the fund prospectus for more information. ETFs are available outside of TDAIM without paying the "Annual Advisory Fee" and "Sub-Advisor's Fee" but will be subject to trade commission and/or other transaction charges. Conversely, TDAIM may provide access to mutual funds or classes of funds that our clients may not be qualified to purchase outside of our advisory service. Our annual advisory fee covers TDAIM's ongoing advisory services for your portfolio. TD Ameritrade will charge a Regulatory Fee on certain transactions. Please see the description of Regulatory Fees under Fees and Compensation, iii. Selective Portfolios Using Exchange Traded Fund Investments. The annual advisory fee also does not cover charges resulting from transfer taxes, exchange fees, Securities and Exchange Commission (SEC) fees, odd-lot differentials, handling charges, electronic fund and wire transfer fees, and any other charges imposed by law or otherwise agreed to with regard to your account, in connection with our advisory service.

In addition to the "Annual Advisory Fee," the "Sub-Advisor's Fee" is for the services provided by the Sub-Advisor, as described in this Agreement. Those services include servicing, trading, and reporting on the client's account as well as the selection, due diligence, and access to the Model Managers in the Program. It should be noted that a change in the allocation amongst the model portfolios and other assets utilized in the client's account may change the overall Sub-Advisor's Fee that will be charged to the client's account. The Sub-Advisor's Fee is reflected in the Initial Investment Strategy Allocation Form provided in Exhibit A of the Investment Management Agreement, which outlines the initial allocation of assets in the client's account.

#### **vii. Portfolio Consultant**

The Nebraska Educational Savings Plan Trust will pay to TDAIM, in connection with the portfolio consulting services described under "Types of Clients" below, a consulting fee equal to .10% annually of the net daily market value of the assets within the Plan accounts invested in the age-based and static portfolios (calculated daily but payable monthly in arrears).

### **Performance-Based Fees and Side-By-Side Management**

TDAIM does not receive performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business and the Fees and Compensation* sections above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### **Types of Clients**

TDAIM generally provides financial planning and asset allocation services to individuals and trusts, but may provide such services to institutions, as well. These services are provided through the Internet or software applications to a national clientele. The financial planning services are incidental to the asset allocation services.

The TDAIM asset allocation services are made available to brokerage clients of TD Ameritrade. The minimum initial investment for the Selective Portfolios services required for a TD Ameritrade Investing Account is generally \$25,000 (minimum investment amount for corporate/business accounts is \$100,000). The minimum initial investment for the Essential Portfolios service for a TD Ameritrade Investing Account is: 1) \$500 on the condition that you set up automatic recurring deposits through your TD Ameritrade Investing Account. Recurring deposits are available by electronic bank transfers (ACH). If recurring deposits cease before reaching a \$5,000 balance in your TD Ameritrade Investing Account, we will require you to re-authorize recurring deposits or deposit additional money to bring your account up to \$5,000. If these conditions are not met, we reserve the right to discontinue our advisory relationship with you and transfer the securities into a like-titled account with TD Ameritrade; or 2) \$5,000; or 3) \$100,000 for corporate/business accounts. The minimum initial investment for the Personalized Portfolios service required for a TD Ameritrade Investing Account is \$250,000 for a portfolio consisting of one or more individual accounts, each having at least a \$50,000 minimum. In addition, if the market value of a client's account falls below the minimum for his or her strategy due to he or she withdrawing assets from the account: 1) the client's asset allocation of his or her portfolio may vary from the target asset allocation due to the lack of funds, 2) TDAIM may require the client to deposit additional money to bring the account up to the required minimum, and 3) we reserve the right to discontinue the advisory relationship and transfer the securities into a like-titled brokerage account with TD Ameritrade. If you set up automatic recurring deposits, it is possible that smaller deposits may not always be invested as investing and your portfolio rebalancing occur when certain parameters are triggered which is designed to keep your portfolio close to its target allocation. Furthermore, the terms and conditions applicable to a TD Ameritrade Investing Account will apply to any brokerage activities in such an account.

TDAIM acts as a portfolio consultant to the Program Manager for the TD Ameritrade 529 College Savings Plan ("Plan") and renders certain investment research and consulting services in connection with the Program Manager's recommendations of investment alternatives for the Plan. Such recommendations are the sole responsibility of the Program Manager and not of TDAIM. The Plan's Council is responsible for the final selection of investment alternatives within the Plan. The agreement relating to the 529 program was terminated effective March 2, 2021. We are currently engaged in wind-down / transition activities.

## Methods of Analysis, Investment Strategies, and Risk of Loss

### **i. Selective Portfolios Using Mutual Fund Investments and the Managed Risk Portfolio**

TDAIM has retained Morningstar Investment Management as an investment consultant to provide asset allocation and fund selection services for the portfolios, but that arrangement ceased when the agreement between them terminated on February 7, 2021. CSIM began providing investment consulting services to TDAIM on February 8, 2021. The Core Mutual Fund Portfolios are diversified asset allocation portfolios.

The Supplemental Income Portfolios are diversified asset allocation portfolios generally for more conservative investors who may want supplemental income for retirement or other purposes or as a complement to other investment strategies with a secondary goal of growth. Due to the conservative nature of the portfolios, TDAIM has created only two models: Conservative and Moderate. The Managed Risk Portfolio is designed to use an absolute return strategy to limit volatility and provide protection against a decline in the equity markets. TDAIM will establish the asset allocations. The asset allocation methodology is based on two factors: 1) an estimate of risk/return parameters relying on historic, current, and forecasted data; and 2) the use of a tactical asset allocation tool based on modern portfolio theory.

The TDAIM fund universe includes the thousands of mutual funds available on the TD Ameritrade platform. The funds are carefully screened and analyzed by TDAIM using a set of qualitative and quantitative factors. The factors include but are not limited to risk-adjusted performance, variance of returns, tax efficiency, expenses (including as to different expense levels associated with different mutual fund share classes), style consistency, and style purity as described above in *Advisory Business iv. Mutual Fund Recommendations*.

The selected funds are generally no-load or load-waived mutual funds on the TD Ameritrade platform. The classes of these funds may include retail, institutional, or other share classes, depending on TD Ameritrade's agreement with a particular mutual fund or its service providers. We will attempt to obtain waivers of short-term redemption fees and purchase minimums where possible, as well as to access to lower expense share classes, where available. We will attempt to ensure that the lowest expense share class available to clients on the TD Ameritrade platform is being selected. In some cases, however, the less expensive share class may not be available to TDAIM clients.

Information used in making the goal planning and TDAIM asset allocation recommendations is based upon industry accepted methods and criteria for evaluating a client's investment goals, based upon information provided by the client relating solely to the assets each client chooses to invest in accordance with a financial plan or a TDAIM asset allocation model.

The principal TDAIM investment strategy is the long-term purchase of funds (investment time horizon of more than one year). However, depending on the circumstances, and as a result of factors such as client liquidity needs, rebalancing, profile changes, and allocation model adjustments, not all funds purchased may be held for at least a year.

If the client chooses to use Selective Portfolios, the client must authorize TDAIM to exercise discretionary trading authority over the assets in the client's strategy, which includes the initial allocation and ongoing rebalancing for the strategy. This discretionary authority allows TDAIM to buy, sell, exchange, or otherwise trade the assets in the client's strategy without the approval of each transaction in the client's dedicated brokerage account (known as a TD Ameritrade Investing Account) at TD Ameritrade. After the client's TD Ameritrade Investing Account application (including related forms) and other required paperwork are received and approved and the client deposits cash in his or her TD Ameritrade Investing Account in the amount at or above a certain threshold specified in the TDAIM Service Agreement, the recommended trades will be placed in the account during the trading window. Clients will be able to invest in one strategy per account.

TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

### **ii. Selective Portfolios Using ETF Investments and Essential Portfolios**

TDAIM retained Morningstar Investment Management to provide asset allocation and fund selection services for the Selective Portfolios. That arrangement ceased on February 7, 2021, when the agreement between them terminated, and CSIM began providing consulting services to TDAIM on February 8, 2021. The Core ETF Portfolios are diversified asset allocation portfolios. The principal TDAIM investment strategy is for clients to make long-term purchases of ETFs. However, depending on the circumstances, and as a result of factors such as client liquidity needs, rebalancing, profile changes, and allocation model adjustments, not all ETFs purchased may be held for at least a year. TDAIM will reassess the model portfolios quarterly (or more frequently as warranted by market conditions). We will process the transactions for all applicable clients in the applicable models within a reasonable time frame.

The Opportunistic Portfolios seek long-term growth with a tactical investment approach and additional equity sector rotation strategy. The use of a tactical investment approach generally involves a more active portfolio management strategy to pursue short-term opportunities in different sectors or countries based on changes to the market. The Opportunistic Portfolios have additional asset classes that allow for tactical shifts (rebalancing). This allows for rebalancing assets into sectors with potential larger returns and decreasing assets in sectors with lower potential opportunities. The qualitative calculations determine the momentum/volatility of the whole equity market and each asset class. The quantitative calculations review the fundamental dynamic asset allocation which determines the overall equity and fixed income changes. The calculations produce the adjustments to the portfolios.

Essential Portfolios are diversified asset allocation portfolios and may be referred to as a robo-advisory service. The principal TDAIM investment strategy is for clients to make long-term purchases of ETFs. However, depending on the circumstances, and as a result of factors such as client liquidity needs, rebalancing, profile changes, and allocation model adjustments, not all ETFs purchased may be held for at least a year. The service allocates assets among the following five asset classes: domestic equity, international equity, emerging markets, domestic, and international fixed income ETFs. We will recommend one ETF per asset class, with the balance consisting of cash and cash alternatives (approximately 0.5%-3%) for the Essential Portfolios, compared to the Selective Core ETF Portfolios that utilizes additional assets classes and consists of approximately 15-25 ETFs.

The asset allocation methodology is based on two factors: 1) an estimate of risk/return parameters relying on historic, current, and forecasted data; and 2) the use of a tactical asset allocation tool based on modern portfolio theory. In addition, Morningstar Investment Management reviews the available ETFs using factors such as: tracking error, excess return over benchmark, fund net assets, net expense ratio, and the average premium/discount over the 12-month period.

Information used in making the goal planning and TDAIM asset allocation recommendations is based upon industry-accepted methods and criteria for evaluating a client's investment goals, based upon information provided by the client relating solely to the assets each client chooses to invest in accordance with a financial plan or a TDAIM asset allocation model.

If the client chooses to use a Selective Portfolio or an Essential Portfolio, the client must authorize TDAIM to exercise discretionary trading authority over the assets in the client's strategy, which includes the initial allocation and ongoing rebalancing for the strategy. This discretionary authority allows TDAIM to buy, sell, exchange, or otherwise trade the assets in the client's strategy without the approval of each transaction in the client's dedicated brokerage account (known as a TD Ameritrade Investing Account) at TD Ameritrade. With a Selective Portfolio using ETF investments, after the client deposits cash in his or her TD Ameritrade Investing Account in an amount at or above a certain threshold specified in the TDAIM Service Agreement the recommended trades will be placed in the account during the trading window. Clients will be able to invest in one strategy per account.

With an Essential Portfolio, after the client deposits cash in his or her TD Ameritrade Investing Account in an amount at or above a certain threshold specified in the TDAIM Service Agreement, the recommended trades will be placed in the account during the trading window. Clients will be able to invest in one strategy per account. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

## Types of Investments

### i. Essential Portfolios

The Essential Portfolios service currently recommends asset allocation models utilizing specific index products, typically specific types of ETFs. They are typically ETFs designed to track indices for selected categories of investments, such as the Russell 2000, International Emerging Markets, and 7-10-year U.S. Treasury Bonds.

ETFs are investment companies that are registered under the Investment Company Act of 1940, typically as open-end funds or unit investment trusts ("UITs"). They have the flexibility of trading intraday. Most ETFs are passively managed and may provide investors with diversification, cost and tax efficiency, liquidity, and marginability. ETFs sell and redeem their shares at net asset value ("NAV") only in large blocks of shares (such as 50,000) called "Creation Units" and track specific domestic and foreign market indices. Institutional investors create or redeem the Creation Units. After creation, the ETF shares trade between investors like a stock. Because ETF shares trade freely and continuously, the market determines prices, and investors can buy or sell shares at any time that the markets are open. ETFs are priced continuously by the market, so there is a potential for trading to take place at a price other than the NAV. However, because large institutions can create or redeem ETFs at any time, these large institutions take advantage of any significant mispricing through a simultaneous purchase and sale transaction called arbitrage. Arbitrage offers a small but risk-free profit to the institution, while forcing prices to remain close to their NAV.

An index-based ETF seeks to track the performance of its corresponding index by either replicating the securities in the index or holding a representative sample of the securities in the index. Because ETFs are passively managed, their expenses are typically lower than the expenses of actively managed mutual funds, which generally have higher management fees and brokerage expenses due to portfolio trading. In addition, ETF expenses are often lower than the expenses of index funds. However, investors who purchase and sell ETF shares in secondary market transactions generally pay brokerage commissions in connection with those transactions.

ETFs may be used as long-term investments, as they are for TDAIM asset allocation purposes. ETFs also may be used by others as short-term investments. For those investors who trade more frequently, ETFs offer the ability to purchase and sell ETF shares in the secondary market at a known price anytime during the trading day, to purchase ETF shares on margin, and to sell ETF shares short without regard to the "up-tick" rule.

*Risks Associated with Investing in ETFs.* Equity-based ETFs are subject to risks similar to those of stocks, and fixed-income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Foreign-based ETFs have unique and greater risks than domestic-based ETFs including fluctuations due to changes in a currency's exchange rate and political risk. Equity ETF risks include possible pricing delays in times of extreme market volatility, liquidity risk, and market risk.

Fixed-income ETF risks include:

- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.
- Liquidity risk: the risk that certain assets may not be readily converted into cash due to lack of demand in the market.
- Market risk: the risk that the value of an investment may decline due to changes in general economic or market conditions. Please note that **past performance is no guarantee of future results.**

### ii. Selective Portfolios

#### **a. Selective Core Mutual Fund Portfolios**

The Selective Core Mutual Fund Portfolios service recommends mutual funds as part of an asset allocation model. They primarily include equity and fixed-income mutual funds with investment objectives that closely match the asset/subasset classes of the asset allocation models used by TDAIM.

Mutual funds are investment companies that are registered under the Investment Company Act of 1940. Most mutual funds are managed by investment advisors who research, select, and monitor the securities in the fund. Mutual funds sell and redeem their shares at NAV. The mutual funds recommended in the Selective Portfolios are selected from the mutual funds available on the TD Ameritrade platform. The classes of these funds may include retail, institutional, or other share classes, depending on the applicable mutual fund and TD Ameritrade's agreement with the particular mutual fund or its service providers. TDAIM generally selects the lowest expense share class available to our clients on the TD Ameritrade platform.

*Risks Associated with Investing in Mutual Funds.* Equity-based mutual funds are subject to risks similar to those of stocks, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. International mutual funds are subject to fluctuations due to changes in a currency's exchange rate and political risk. Fixed-income mutual funds (bond funds) fluctuate with the bond market. Fixed-income risks include:

- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.

#### **b. Core ETF Portfolios**

The Core ETF Portfolios use ETFs as part of an asset allocation model as described under *i. Essential Portfolios* of this section.

#### **c. Supplemental Income Portfolios**

The Supplemental Income portfolios offer investment strategies designed to provide both income and total returns while limiting your exposure to volatility. The portfolios are not cash vehicles, cash alternatives, or money market funds and are not for short-term investing (less than one year) and should not be viewed or used for these objectives. The Supplemental Income Portfolios hold equity and bond mutual funds that have risks inherent to investing in these securities, including market and credit risk, and possible loss of value as described under *ii.a. Core Mutual Fund Portfolios* of this section.

#### **d. Opportunistic Portfolios**

The Opportunistic Portfolios use ETFs as part of an asset allocation model as described under *i. Essential Portfolios* of this section.

#### **e. Managed Risk Portfolio**

The Managed Risk Portfolio service seeks to limit portfolio volatility in an effort to provide protection against a decline in the equity markets. The service seeks to pursue this goal by investing in certain mutual funds that, when combined in a single portfolio, provide the desired volatility characteristics and return expectations. The service is not designed to outperform stocks and bonds in strong markets. There is no guarantee the underlying mutual funds will achieve positive returns or that the service's objectives will be achieved. The Managed Risk Portfolio service is not a cash vehicle, cash alternative, or money market fund equivalent, and is not for short-term investing (less than one year). It should not be viewed or used for these objectives. The mutual funds used in the Managed Risk Portfolio service invest in securities (including mutual funds) and strategies with inherent risks, including market, credit, geographical, and derivatives risk. The funds entail possible loss of value as described under *ii.a. Core Mutual Fund Portfolios* of this section.

The underlying mutual fund managers may use investment mandates which allow them to consider a variety of opportunities for their mutual funds including, but are not limited to:

1. Stocks
2. Bonds
3. Commodities
4. Derivatives
5. Cash

Funds used in the service may include the following types of financial instruments in their portfolios: derivative instruments, including options, futures, swaps, structured securities, and other derivative instruments which may involve a high degree of financial risk. Commodity linked mutual funds are investments intended to provide exposure to one or more physical commodities or commodities indices. The value of a commodity linked mutual fund may be affected by market movements and factors specific to a particular commodity or industry, such as weather, embargoes, and international economic, political, and regulatory developments. Derivatives are securities derived from an underlying asset. The most common types of derivatives are futures contracts, options, and swaps. The risks of investing in a derivative include liquidity, interest rate, market, credit, and management risks. Also, the value of a derivative may not correlate with the underlying asset. The funds may also pursue an arbitrage strategy and have the risk that securities purchased pursuant to the strategy intended to take advantage of a perceived relationship between the value of two securities may not perform as expected. In addition, the funds may invest in foreign securities, which may be more volatile than investments in U.S. securities and will be subject to fluctuation and sudden economic and political developments. Furthermore, the funds used may have wide flexibility as to asset allocation as governed by their prospectuses and their chosen asset allocations may prove to have been undesirable. While the funds have flexibility as to their allocation, from time to time, it may be possible that multiple funds used in the Managed Risk Portfolio may invest in a similar asset class(es) to pursue market opportunities. This may result in the overall portfolio allocations being more highly concentrated in a small number of asset classes.

#### **iii. Personalized Portfolios**

The Personalized Portfolios use ETFs and mutual funds as part of an asset allocation model as described above in this section. In addition, SMAs may be used to provide diversification or specialization within a particular sector of the market. Due to direct equity ownership, SMAs have risks including (but not limited to):

- Market risk: the risk that the value of an investment may decline due to changes in general economic or market conditions.
- Credit risk: the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
- Interest rate risk: the risk that the market value of the bonds will go down when interest rates go up.
- Prepayment risk: the risk that a bond will be paid off early.
- Liquidity risk: the risk that certain assets may not be readily converted into cash due to lack of demand in the market.

- Sector risk: the risk that all of the securities in an entire sector will be affected by economic or other factors which pertain to that sector more specifically than other sectors.
- Currency risk: the risk that arises from the change in price of one currency against another.
- Commodity risk: the uncertainty that stems from changing prices that adversely impact the financial results of those who both use and produce that commodity.

Please note that **past performance is no guarantee of future results.**

TDAIM attempts to recommend securities that do not generate a Schedule K-1. However, in certain circumstances, a security held in an SMA will generate a Schedule K-1. A Schedule K-1 is an Internal Revenue Service (IRS) tax form issued annually for an investment in partnership interests. The purpose of the Schedule K-1 is to report each partner's share of the partnership's earnings, losses, deductions, and credits. It serves a similar purpose for tax reporting as one of the various Forms 1099, which report dividend or interest from securities or income from the sale of securities. Please seek the advice of a tax professional for more about Schedule K-1.

## Risk of Loss

**The TDAIM asset allocation service and recommendations have been developed based on historical performance of the standard asset classes (stocks, bonds, and cash) and of representative index fund products, including ETFs, mutual funds, and index funds, as well as concepts of modern portfolio theory. Modern Portfolio Theory ("MPT") suggests that investors can limit the volatility in their portfolio, while improving its performance, by spreading the risk among different types of securities that do not always behave the same way. It is a principle of investing that higher potential returns carry higher risk, and conversely, for lower risk, investors must accept lower expected returns. According to MPT, a portfolio (a combination of individual investments) exhibits risk and return characteristics based on its composition and the way those components correlate with each other. For each level of risk, there is an "optimal" asset allocation that is designed to produce the best balance of risk versus return. An optimal portfolio will provide neither the highest returns, nor the lowest risk of all possible portfolio combinations—it will attempt to balance the lowest risk for a given level of return and the greatest return for an acceptable level of risk.**

**The investment analysis information generated by the TDAIM service is hypothetical, does not reflect actual investment results and does not guarantee future results. Our analysis primarily focuses on mutual funds and index ETFs that track to broad indices, including foreign equity, domestic equity, and bond indices, and may provide investors with diversification, cost and tax efficiency, and liquidity. Other investment vehicles that are not included in the modeling process may have characteristics similar or superior to mutual funds, ETFs, or index funds.**

Investing in securities involves risk of loss that the client should be prepared to bear. TDAIM does not represent or guarantee that its asset allocation services and recommendations can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Past performance is in no way an indication of future performance.

TDAIM's recommendations generally are made without considering potential tax consequences to the client. The client is responsible for any tax liabilities resulting from transactions (including any arising from the addition of assets to or withdrawal of assets from the client's account). We make no representation regarding the likelihood or probability that any proposed investing plan will in fact achieve a particular investment goal. We are unable to predict or forecast market fluctuations or other uncertainties that may affect the value of any investment. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investing in general, as well as the investments and the overall portfolio composition suggested by TDAIM.

## Disciplinary Information

Form ADV Part 2 requires investment advisors such as TDAIM to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business and/or our management. Neither TDAIM nor any of our management persons have been involved in any disciplinary events that would be material to a client's or prospective client's evaluation of TDAIM or the integrity of its management.

## Other Financial Industry Activities and Affiliations

TDAIM is an indirect wholly owned subsidiary of TD Ameritrade Holding Corporation (the "Corporation") through Financial Passport, Inc. ("FPI"). Because FPI is a wholly owned subsidiary of the Corporation, we are indirectly owned by the Corporation. The Corporation also owns TD Ameritrade and TD Ameritrade Clearing, Inc., registered broker-dealers, the former being an introducing broker and the latter being a clearing broker for TD Ameritrade. The Corporation is wholly owned by The Charles Schwab Corporation ("Schwab") and the Corporation's subsidiaries accordingly are affiliated with Schwab and its subsidiaries.

Pursuant to an intercompany agreement among TDAIM, TD Ameritrade Clearing, Inc. and TD Ameritrade, Inc., TD Ameritrade Clearing, Inc. and TD Ameritrade, Inc. provide services and support to TDAIM. In addition, TD Ameritrade, Inc. shares certain employees with TDAIM necessary to the operation of the company. Therefore, management persons of TDAIM generally are also employees of TD Ameritrade, Inc. and most management persons are also dually registered as registered representative of TD Ameritrade, Inc. The furnishing of services to TDAIM is undertaken under our oversight, review, approval, supervision, and control. Neither TD Ameritrade Clearing, Inc. nor TD Ameritrade, Inc. provide any investment advice or otherwise perform any function on behalf of TDAIM. We maintain all necessary records and information relating to the services it provides to meet its legal and contractual obligations.

TD Ameritrade FCs are generally dually registered as broker-dealer registered representatives of TD Ameritrade and as investment advisor representatives of TDAIM.

To implement a portfolio, TDAIM clients will need to open a dedicated brokerage account (known as a TD Ameritrade Investing Account) at TD Ameritrade. See response below to *Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading* of this disclosure brochure.

From time to time, TD Ameritrade may provide offers to existing and/or prospective clients with TD Ameritrade Investing Accounts related to the deposit of additional funds into their account or the opening of a new TD Ameritrade Investing Account.

TD Ameritrade is registered with the SEC as both a broker-dealer and an investment advisor. As a broker-dealer, TD Ameritrade may receive certain fees and commissions for effecting customer transactions. TD Ameritrade does not charge commissions on equity (exchange-listed U.S. stocks) and ETF (domestic and Canadian) transactions. TD Ameritrade, acting in such a broker-dealer capacity, will forward orders from its advisory clients to TD Ameritrade Clearing, Inc., its clearing broker, for execution on a fully disclosed basis. TD Ameritrade and certain affiliates underwrite securities, but TDAIM, in its capacity as an investment advisor, does not recommend these securities to its advisory clients. In addition, the cash allocation in taxable TD Ameritrade Investing Accounts is held in the TD Ameritrade FDIC Insured Deposit Account provided by one or more Program Banks. Three of the Program Banks are Charles Schwab Bank SSB, Charles Schwab Premier Bank SSB, and Charles Schwab Trust Bank, all of which are affiliates of TD Ameritrade and TDAIM through Schwab. The Program Banks receive an economic benefit from the cash held in the TD Ameritrade FDIC Insured Deposit Account and compensate TD Ameritrade in connection with such accounts. See response below to *Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading* of this disclosure brochure. In non-taxable accounts, the cash sweep vehicle is a U.S. Government money market fund, the Vanguard Treasury Money Market Fund. Investments in money market funds are subject to restrictions, charges, and expenses described in the prospectus. Money market funds are securities that may increase or decrease in value. They are not insured or guaranteed by the FDIC, any government agency, TDAIM or its affiliates, and there can be no assurance that such funds will be able to maintain a stable net asset value of \$1 per share. Clients with taxable accounts have the option to switch from the Insured Deposit Account to the Vanguard Treasury Money Market Fund.

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

TDAIM adopted a Code of Ethics as of January 31, 2005, pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. The Code is based on the fiduciary duty principle that clients' interests come first. The Code requires TDAIM's personnel to adhere to high standards of honest and ethical conduct and, among other things, to comply with various reporting and approval requirements as to securities transactions. Copies of the Code are available to clients or prospective clients upon request.

TDAIM's broker-dealer affiliate, TD Ameritrade, will effect transactions for compensation for clients. Once a client selects an asset allocation model, the advisory client may implement the model recommendations through a dedicated brokerage account at TD Ameritrade known as a TD Ameritrade Investing Account. Commissions may be charged for ETF and mutual fund transactions effected through TD Ameritrade, including those to implement, rebalance, or reallocate a TDAIM asset allocation model, although they are not currently being charged.

TD Ameritrade is registered with the SEC as both a broker-dealer and an investment advisor. As a broker-dealer, TD Ameritrade may receive certain fees and commissions for effecting customer transactions. TD Ameritrade, acting in such a broker-dealer capacity, will forward orders from its advisory clients to TD Ameritrade Clearing, Inc., its clearing broker, for execution on a fully disclosed basis. TD Ameritrade and certain affiliates underwrite securities, but TDAIM, in its capacity as an investment advisor, does not recommend these securities to its advisory clients. See response above to *Other Financial Industry Activities and Affiliations* of this disclosure brochure.

In its investment advisory capacity, TD Ameritrade provides services with respect to its AdvisorDirect® advisor referral service, which generally has a \$500,000 minimum investment requirement. The AdvisorDirect service refers eligible TD Ameritrade retail clients to one or more independent investment advisory firms that offer traditional investment management and/or financial planning services. Such firms are clients of TD Ameritrade's Institutional division and have been screened for participation in AdvisorDirect. TD Ameritrade's clients could potentially receive advisory services from such independent advisors or receive advisory services from its affiliated advisor TDAIM. As a result, TD Ameritrade may have a conflict of interest when it guides prospects toward these services. TD Ameritrade has adopted incentive plan arrangements for its FCs as described in *Client Referrals and Other Compensation* below. TD Ameritrade also has implemented procedures to mitigate the conflict of interest and to help ensure its clients are referred to the appropriate advisory service. The procedures include qualification criteria designed, among other things, to identify the client's desire for the traditional services of an independent investment advisory firm or for the TDAIM service based on a number of factors to help ensure the appropriate advisory service is selected.

TDAIM prospects investing assets of an employee benefit plan subject to Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA") should be aware that TDAIM services are not designed for them and they are solely responsible for selecting TDAIM as the advisor for their plan or account. TD Ameritrade will not make that decision for them. Such prospects should seek information to enable them to independently determine whether our service is appropriate for them. Among the factors to be considered in making that determination are: (i) the role that TDAIM would play in the investment portfolio as a whole; (ii) the risk of loss and the opportunity for gain (or other return) associated with using our service; (iii) the composition of the plan's or account's investment portfolio with regard to diversification; (iv) the liquidity and current return of the plan's or account's investment portfolio relative to its anticipated cash flow requirements; and (v) the projected return on the plan's or account's investment portfolio relative to the prospect's investment objectives for the plan or account.

TDAIM's affiliates and TD Ameritrade associates (collectively "Associates") are allowed to invest in our portfolios through the same interactive software that is available to all clients. Associates may purchase the portfolios in the same manner as retail clients. In addition, Associates are subject to the TD Ameritrade Trading Policy, including the prohibition to not buy or sell securities on the basis of material nonpublic information.

Related persons of TDAIM are restricted from purchasing or selling any security (or derivative thereof) that they know or reasonably should know will be recommended in any of the Portfolios (a) in their personal accounts and (b) in accounts as to which they have beneficial ownership (which include (1) the accounts of a spouse, minor children, other persons living in their household, and non-emancipated adult children [collectively, "family members"], (2) trusts established for the related person's benefit, family members, or any other relative as to which trusts the related person has sole or shared voting or investment power and (3) entities in which the related person or his/her family members have sole voting or investment power or as to which the related person or his/her family members have shared voting or investment power and pecuniary interests.) However, the restriction does not apply to securities listed on the S&P 500 or other large cap issues with a market capitalization or net assets of \$5 billion or more or reasonable trading volume where a transaction in the security will not likely move the market.

Supervised Persons are subject to the trading restrictions as described above. In addition, as associates of TD Ameritrade, they are subject to the TD Ameritrade Trading Policy. Our discretionary ETF transactions are entered as block orders with TD Ameritrade and, if applicable, Associate accounts will be included in the block orders and will receive the same average price as clients to help ensure Associates do not benefit unfairly to the disadvantage of the clients. Furthermore, the list of recommended ETFs will be included on a "restricted list" and reviewed and compared against the personal trades of the Access Persons per the trading restrictions.

## Brokerage Practices

To implement any of the Portfolios, clients are required to open a TD Ameritrade Investing Account and use TD Ameritrade as the broker-dealer. Use of the discount brokerage service is a condition to implementing the discretionary investment advice provided through TDAIM. We feature TD Ameritrade as a broker to use in making securities transactions, and TD Ameritrade provides separate, dedicated brokerage accounts to facilitate tracking of client positions in TDAIM-related securities. Brokerage services provided by TD Ameritrade, Inc. The TDAIM discretionary transactions will be executed during daily trading windows on an individual account basis. TD Ameritrade currently charges no commissions in connection with the discretionary transactions in associated TD Ameritrade accounts. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows. TD Ameritrade will charge a Regulatory Fee on certain transactions. Please see the description of Regulatory Fees under *Fees and Compensation, iii. Selective Portfolios Using Exchange Traded Fund Investments*. Requiring the use of TD Ameritrade, Inc. as the dedicated broker-dealer may prevent TDAIM from achieving the most favorable execution for client transactions, which may cost clients more money. Please see response above at *Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading of this disclosure brochure*. Also see response below at *Additional Compensation*.

### Aggregation of Trades

#### a. Selective Portfolios Using Mutual Fund Investments and the Managed Risk Portfolio

With the Core Mutual Fund, Managed Risk, and Supplemental Income Portfolios, TDAIM does not aggregate the orders. The discretionary transactions will be executed during daily trading windows on an individual account basis as mutual funds sell and redeem their shares at NAV. TD Ameritrade currently charges no commissions in connection with Selective Portfolios discretionary transactions in clients' associated TD Ameritrade accounts.

Based on the quarterly recommendations (or more frequently as warranted by market conditions) of the investment consultant, TDAIM may rebalance the portfolios. As noted above, the agreement for Morningstar Investment Management's services to TDAIM terminated on February 7, 2021 and CSIM began providing consulting services to TDAIM on February 8, 2021. When TDAIM rebalances the portfolios, there may be instances when a rebalance will entail a significant amount of transactions across all client accounts; we reserve the right to place the transactions over two or more consecutive trading days in order to reduce large price fluctuations that may occur by executing the trades on a single trading day. We will randomly select the portfolio models that will be traded on each of the two or more consecutive trading days if two consecutive days are needed to minimize price fluctuations. It is our policy that such transactions will be entered in a fair and equitable manner. There is no preferential treatment given to any one client account.

#### Trade Error Policy

In the event TDAIM makes an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

#### b. Selective Portfolios Using ETF Investments and Essential Portfolios

With the Core ETF, Opportunistic Portfolios and Essential Portfolios, TDAIM typically aggregates orders for more than one client in the Selective and Essential Portfolios if it determines that aggregation is in the best interests of the clients. Clients participating in aggregated transactions will receive an average share price with all transaction costs shared on a pro-rata basis.

TDAIM intends to enter the aggregated orders for the transactions during the trading window at approximately the same time every business day on which securities markets are open. Our trade allocation policy is to allocate the purchase and sales of the recommended ETFs in a fair and equitable manner. The policy prohibits any trade allocation to favor one group or any particular client(s) more favorably than another group or any similar clients.

On a typical trading day, TDAIM generates a list of accounts that require a recommended initial allocation or rebalancing transactions. The list also includes accounts for client-initiated transactions resulting from the client requesting a raise cash (liquidate securities), invest raise cash or the client selecting a new model after the previous day's trading aggregation job. Generally, the list does not include accounts in which client-initiated requests made to the TDAIM Support Team during market hours indicate the client does not wish to wait for the next trading window. In addition, the list will not include accounts with open orders, unresolved investment restrictions, incompatible assets or model, values below the required minimum or above the required maximum, or in "do not trade" or Regulation T status.

However, in certain market conditions such as: 1) significant market losses or gains (generally based on important economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, TDAIM reserves the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there is a considerable amount of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. These orders will be aggregated and will receive an average price that is separate from the regular daily trading job. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows.

The aggregated orders are placed with TDAIM's affiliated broker-dealer TD Ameritrade Clearing, Inc. We reconcile the orders by the next business day. Client cash or securities may be held collectively for settlement purposes but no longer than necessary to settle the purchase or sale.

TD Ameritrade provides each client with an account statement and trade confirmations that reflect the securities that have been purchased and sold for the clients. TDAIM also maintains books and records reflecting the securities held by, or bought or sold for, clients' accounts that participate in the aggregations.

The accounts of our associated persons may participate in aggregated orders. The associates will receive the same average share price and will pay any applicable commissions and other transaction costs on a pro-rata basis.

#### Written Aggregation Statement

Each trading day, as described above, TDAIM generates a list of accounts for the daily aggregated order(s). The orders are sent to TD Ameritrade Clearing, Inc. The order is generally filled in its entirety and clients receive their allotted allocation. ETFs sell and redeem their shares at NAV in Creation Units. Therefore, if additional shares of an ETF are required, a Creation Unit(s) may be used to fill the aggregated order. Once the order is executed, the shares will be allocated back to the clients' accounts participating in the order.

In rare instances, if an order is not filled in its entirety as stated above, the shares will be allocated on a percentage pro-rata basis among the participating clients. However, adjustments may be made to avoid odd amounts of shares held in any client account. If an order is allocated in a manner other than that stated herein, a written explanation for the change must be provided to and approved by the Chief Operating Officer and/or Chief Compliance Officer no later than the morning of the next business day following the execution of the order.

#### **Trade Error Policy**

In the event TDAIM makes an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

#### **c. Personalized Portfolios**

In order to begin placing trades for a client's Account, the client's Account application (including related forms) and other required paperwork must first be received and approved. Next, after the client deposits cash in their Account in the amount at or above the required minimum, the recommended trades will be placed in the Account during the next trading window. (TDAIM intends to enter the transactions with TD Ameritrade Clearing, Inc. at approximately the same time every business day on which securities markets are open, but reserves the right to change the time when appropriate. The orders will be executed at the end of the day.)

However, in certain market conditions such as: 1) significant market losses or gains (generally based on material global geopolitical or economic news), 2) significant trading volume, or 3) when clients may receive a price advantage, we reserve the right to open an additional or earlier trading window or multiple trading windows over consecutive trading days. We also reserve the right to open an additional trading window if there are a considerable number of client-initiated requests to liquidate positions and the clients do not wish to wait for the next scheduled daily trading window and we determine it is not to the benefit of the clients to enter the orders on an individual account basis. TDAIM will make reasonable efforts to place trades within intended trading windows; however, due to a number of potential factors, trades may be placed during later trading windows. There is no preferential treatment given to any one client account.

Since mutual funds trade at a daily NAV, clients participating in the daily trading windows will receive the same average price.

#### **Trade Error Policy**

In the event TDAIM makes an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

## **Review of Accounts**

### **A. Reviews**

#### **Selective Portfolios and Personalized Portfolios Clients**

TDAIM will request updated Profile Information from clients informally on a quarterly basis and more formally on an annual basis. Members of the TDAIM Support Team will run reports periodically to identify clients who have updated their Profile Information. They then will see whether the updated information would indicate that a change to the client's portfolio might be appropriate. They also will run periodic reports to identify portfolios in various circumstances such as portfolios with incompatible assets or incomplete paperwork. If so, a member of the Support Team will contact the client to pursue the matter. In addition, members of the Support Team who are knowledgeable about the service will be available to consult periodically with clients about their portfolios.

#### **Essential Portfolios Clients**

TDAIM will request updated Profile Information from its Essential Portfolios clients informally on a quarterly basis and more formally on an annual basis. Members of the Support Team will run reports periodically to identify clients who have updated their Profile Information. They then will see whether the updated information would indicate that a change to the client's portfolio might be appropriate. They also will run periodic reports to identify portfolios in various circumstances such as portfolios with incompatible assets or incomplete paperwork. The Essential Portfolios are offered electronically via the Internet as the primary channel of interaction with TDAIM. Accordingly, Essential Portfolios clients need Internet access for activities such as monitoring their portfolio, updating their Profile Information, conducting cash and securities transfers and communicating with the Support Team. Essential Portfolio clients agree to receive notices including disclosure brochures, regulatory communications, and other materials electronically in lieu of paper communications. The communications will be delivered electronically to the email address provided on the client's TD Ameritrade Investing Account application.

### **B. Reports**

#### **Selective Portfolios, Essential Portfolios, and Personalized Portfolios Clients**

TDAIM does not provide written reports to clients. Clients may view their TD Ameritrade Investing Accounts online to see current account information. Such information includes asset allocation information as of the current business day. TD Ameritrade will also provide a written account statement (at least quarterly) detailing the positions and activity in a client's TD Ameritrade Investing Account, and clients will receive trade confirmations for each buy, sell, or exchange transaction in their accounts

## **Client Referrals and Other Compensation**

**A.** TD Ameritrade Holding Corporation (or its subsidiaries or affiliates) provides to TDAIM office space, use of its phone system, use of its Internet website and other general office, clerical, managerial, and legal support. Our advisory service is designed to work with TD Ameritrade, a registered broker-dealer under common control with TDAIM. TD Ameritrade does not charge commissions for implementing our recommendations.

**B.** TD Ameritrade FCs and Fixed Income Specialists are generally dually registered as broker-dealer registered representatives of TD Ameritrade and as investment advisor representatives ("IARs") of TDAIM. They are generally located in TD Ameritrade branch offices or in a call center.

FC compensation for TD Ameritrade registered representatives is comprised of both (i) base pay and (ii) incentive payments as to products and services offered through TD Ameritrade. Base Salary is designed to represent roughly half of our financial consultants' total compensation, but the

actual percentage of total compensation attributable to base salary could vary based on a particular financial consultant's incentive compensation (with higher performers earning significantly more from incentive compensation overall) Financial consultants may be eligible for incentive compensation based on meeting various performance metrics, including matching client needs with various guidance solutions, attracting new assets to the firms, retaining client assets, and providing an exceptional client experience. Our compensation plans are designed to align with our core values, with a focus on client experience, trust and integrity, and collaboration. Here are a few of the incentive compensation highlights:

First and foremost, our financial consultants are incented to provide appropriate, suitable, long-term solutions for clients and to build strong, lasting client relationships. The following factors are also taken into account in arriving at incentive compensation for our FCs and SFCs:

- **Core Values & Client Experience:** Discretionary awards for behaviors aligned with our firm's core values and superior client experience.
- **Client Acquisition and Retention Incentives:** Financial consultants are incentivized for attracting new clients and assets to TD Ameritrade, as well as for retaining existing clients and assets at TD Ameritrade. Financial consultants are compensated for:
  - Net flows of assets resulting from their activities to develop existing and new clients;
  - Net flows of guidance assets resulting from activities to develop new clients; and
  - Maintaining existing client assets.

They receive increased payout for activities relating to maintaining existing client assets in guidance solutions, including Selective Portfolios, Personalized Portfolios and referrals to AdvisorDirect.

- **Partner and Affiliate Referrals** - Referring clients to another licensed TD Ameritrade or Charles Schwab & Co., Inc. associates for:
  - appropriate fixed income solutions;
  - discussion/demonstration of the thinkorswim® platform or certain educational materials on our website;
  - assistance with annuity products; and
  - introduction to Charles Schwab & Co, Inc. and its affiliates or third party providers for certain products and services.

A portion of the asset-based compensation is related to the use of advisory services from TDAIM. This portion of the compensation is paid to the FC by TDAIM for acting as a TDAIM IAR. FCs are also compensated based on new client assets and the retention of existing client assets that may include TDAIM assets. This compensation structure can create a conflict in that the compensation could potentially provide FCs an incentive to make recommendations for asset investment or retention with a view to their compensation interest rather than the best interest of clients. Those incentives could lead them to refer you to TDAIM or deposit additional assets into your TD Ameritrade Investing Account instead of choosing other investment options for your assets. To mitigate the potential conflicts of interest described above, TD Ameritrade and TDAIM policies and procedures and supervision are in place to help the focus be on the most appropriate solution for a client. For more information on compensation, see <https://www.tdameritrade.com/incentive-compensation.page>. In addition, and in connection with the recent affiliation with Charles Schwab & Co. Inc. ("CS & Co."), beginning in 2021 TD Ameritrade FCs will be eligible to receive modest additional compensation for introducing clients to CS & Co. or to certain of its products and services. Further, beginning on January 1, 2021 TD Ameritrade Branch Managers were placed on Schwab's Corporate Bonus Program.

Compensation for TD Ameritrade Fixed Income Specialists is comprised of both (i) base pay and (ii) incentive payments as to products and services offered through TD Ameritrade. The base pay generally ranges from about one half to two-thirds of total Fixed Income Specialist compensation. The incentive payments are tied (i) to performance metrics (including six different ones, one of which relates to net new assets) that are determined on a discretionary basis and account for 60% of the compensation and (ii) client experience and core values metrics that are determined on a discretionary basis and account for 40% of the compensation. There are no specific metrics as to the portion of the compensation that is attributable to Supplemental Income Portfolios activity. To mitigate potential conflicts of interest, TD Ameritrade and TDAIM policies and procedures and supervision are in place to help the focus be on the most appropriate solution for a client. For more information on compensation, please see the [www.tdameritrade.com/incentive-compensation.page](http://www.tdameritrade.com/incentive-compensation.page).

TD Ameritrade FCs who are IARs of TD Ameritrade have the ability to refer clients to AdvisorDirect and receive compensation in connection with such referrals. All FCs are trained to direct clients to the most appropriate financial solution based on the client's financial situation, suitability, and preferences. TD Ameritrade policies and procedures and supervision are in place to help the FC refer clients to the most appropriate solution for their financial needs. Compensation arrangements for referrals to TDAIM or to AdvisorDirect advisors are designed to make the compensation to the FCs neutral as between referrals to those services. Furthermore, TD Ameritrade client service personnel who are appropriately registered may receive modest additional compensation for making service transfers to TD Ameritrade FCs that result in new assets to TD Ameritrade. These payments are paid to the client service personnel from TD Ameritrade.

TDAIM has a referral agreement with TD Bank, N.A. ("TD Bank"). TD Bank connects prospective clients to TD Ameritrade and a TD Ameritrade FC will help the prospective clients find the products and services, including the advisory services from TDAIM, that align with their goals. TD Bank and its personnel do not provide investment advice regarding the products and services offered through TD Ameritrade. If the client is interested in TD Ameritrade's products and services, the client will complete a Consent to Contact form and a TD Ameritrade FC will contact the client to discuss their financial needs. After the prospective client discusses their financial needs with a TD Ameritrade FC, if the client opens a TD Ameritrade Investing Account using the advisory services from TDAIM, TD Bank will receive a referral fee. The referral fee is 25% of the investment advisory fee that you pay to TDAIM and TD Bank will continue to receive the fee as long as you are a TDAIM client. You will not pay an additional fee because of this referral agreement. TD Ameritrade has implemented procedures to mitigate any conflict of interest to help ensure its clients are referred to the appropriate product or service. The procedures include qualification criteria designed, among other things, to identify the client's desire for traditional brokerage services from TD Ameritrade or advisory services from TDAIM. This agreement will be terminated effective May 9, 2021 with a 90 day obligation to accept referrals.

## Custody

Clients will implement TDAIM's advice through a dedicated brokerage account (known as a TD Ameritrade Investing Account) at its affiliated brokerage firm, TD Ameritrade. Our fee will be deducted from the assets in the related account held at the affiliated clearing brokerage firm, TD Ameritrade Clearing, Inc.

Pursuant to the Intercompany Agreement (see *Other Financial Industry Activities and Affiliations*), TD Ameritrade Clearing, Inc. agrees to collect, on behalf of TDAIM, any fees charged by us to clients using TD Ameritrade Investing Accounts. Clients will receive written account statements from TD Ameritrade at least quarterly detailing the positions and activity in a client's TD Ameritrade Investing Account, and clients will receive trade confirmations for each buy, sell, or exchange transaction in their accounts. The account statements from TD Ameritrade will indicate the amount of our advisory fees deducted from a client's account(s) each billing period. Clients should carefully review account statements for accuracy. See response above to *Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading* of this disclosure brochure.

## Investment Discretion

### Selective Portfolios, Essential Portfolios, and Personalized Portfolios

With Selective, Essential and Personalized Portfolios, the client must authorize TDAIM to exercise discretionary trading authority over the assets in the client's strategy. This includes the initial allocation and ongoing rebalancing of the strategy. Clients grant the authority to TDAIM by signing/agreeing to the TDAIM Service Agreement. The discretionary authority allows us to buy, sell, exchange, or otherwise trade the eligible assets in the client's strategy without the client approval of each transaction. We are not authorized to withdraw cash or securities from a client's account other than for the payment of advisory fees as described in the *Fees and Compensation and Custody* sections above. TDAIM may, in its discretion, accept mutual funds owned by the client into his or her TD Ameritrade Investing Accounts if the mutual funds were previously recommended by us. We may accept and use a compatible mutual fund in the client's portfolio, even if the mutual fund share is of a different share class than the share class of the mutual fund approved for use in the Selective Portfolios service. For example, if a client transfers in a retail share class mutual fund and TDAIM uses a lower expense share class of the same mutual fund, we may retain the retail share class of the mutual fund in the client's portfolio. Accepting the retail share class mutual fund will benefit clients as they will be able to invest in their portfolio more quickly. In addition, it may help reduce potential tax liabilities from selling the retail class shares and then buying the lower expense share class. TDAIM will review client accounts that transferred in different share classes of compatible mutual funds and will convert share classes to the approved share class where we believe doing so would be beneficial to the client (for example to help lower the client's expenses). The limitations on compatible mutual funds contained in this paragraph apply to both initial and subsequent contributions.

TDAIM will assume discretion as to the compatible mutual funds, and the client acknowledges that all or a portion of the contributed mutual funds may be redeemed, either initially or during the course of management of his or her strategy.

In certain circumstances, clients will transfer incompatible mutual funds into their TD Ameritrade Investing Account: i) If a client deposits an incompatible mutual fund into a newly funded TD Ameritrade Investing Account, we will not start charging our advisory fee until the incompatible asset is removed from the account; ii) If a client deposits an incompatible mutual fund into an existing TD Ameritrade Investing Account, we will provide a fee credit for the amount of time the incompatible mutual fund was held in the TD Ameritrade Investing Account. For example, if an existing client deposits an incompatible mutual fund into his/her account on the 15th of the month and the fund remains in the account through the 31st of the month, TDAIM will credit back the fees for the days the incompatible fund was in the account. In addition, if the incompatible fund remains in the account through a new quarterly billing cycle, we will not bill advisory fees until the incompatible fund is removed from the account. When the incompatible fund is removed from the account, we will reinstate billing on a pro rata basis from the day the incompatible asset was removed from the account until the end of the current billing quarter. iii) If the TD Ameritrade Investing Account is restricted (for example estate, divorce, court order, etc.) and holds mutual fund shares that charge 12b-1 or other service related fees, TDAIM will provide a fee credit from the time we are notified of the restriction. For example, if TDAIM is notified of the restriction on the 15th of the month, we will provide a fee credit from the 15th of the month to the end of the current billing quarter and will stop billing advisory fees on the account going forward until the restriction is resolved.

TDAIM may in its discretion accept ETFs owned by the client into his or her TD Ameritrade Investing Accounts using the Core ETF Portfolio and Essential Portfolio services if the ETFs are compatible with his or her strategy. We reserve the right to accept and utilize in the client's portfolio ETFs that were previously recommended by us. The limitations on compatible and previously recommended ETFs contained in this paragraph apply to both initial and subsequent contributions. We will assume discretion as to the compatible and previously recommended ETFs, and the client acknowledges that all or a portion of the contributed ETFs may be redeemed, either initially or during the course of management of his or her strategy. In cases where the client transfers into their TD Ameritrade Investing Account two or more compatible ETFs that are appropriate for a single asset class. We utilize the higher ranked ETF for the asset class and the lower ranked ETF is liquidated and rebalanced accordingly. The client further acknowledges that there may be tax implications from the redemption, sale, or exchange of the securities and will be responsible for any tax liabilities that result from the transactions.

To the extent that the client deposits securities other than ones compatible with their strategy into their TD Ameritrade Investing Account, TDAIM will not assume discretion as to such securities. The client must either sell or transfer the incompatible securities promptly. Transactions regarding any incompatible securities or other assets to fund the client's TD Ameritrade Investing Account are the client's decision and are not based upon recommendations from us. If the securities are sold, TD Ameritrade will generally charge commissions and the sale will generally be on an unsolicited basis. Clients also have the option to grant TD Ameritrade time and price discretion to liquidate incompatible securities. Any sale of securities or other assets to fund the client's TD Ameritrade Investing Account may result in expenses, fees, or other charges (such as contingent deferred sales charges) as well as tax liabilities. The client is responsible for seeking the advice of a tax professional prior to selling any securities or other assets, and the client will be unable to invest in a strategy until the incompatible securities are removed from their TD Ameritrade Investing Account.

Clients are entitled to impose reasonable restrictions on TDAIM's management of their portfolios pursuant to Investment Company Act Rule 3a-4. Any management restriction they may wish to impose is subject to our review and approval.

The base TDAIM investment strategy is the recommendation of diversified asset allocation portfolios across a broad range of asset classes. TDAIM has no influence or control over the mix of securities held by any mutual fund or ETF in which client portfolios may be invested. Therefore, restrictions such as no nuclear energy, gambling, tobacco, or firearm securities will not be honored.

TDAIM generally honors the following restrictions:

- No margin
- No options
- No futures (in ETF Portfolios)
- No leverage
- No shorting
- Cash position amount (limit the cash position or invest less in the mutual funds and ETFs and more in cash, other than long-term market timing)
- Delay investing

With the TDAIM portfolios, clients may be able to restrict the purchase of a particular fund or fund family provided such restriction is not inconsistent with our investment strategy or is not fundamentally inconsistent with the nature or operation of our service. If we honor the restriction, assets will be invested in a manner that is appropriate given your restriction. The funds designated for restriction by client will be replaced with alternatives selected by us. Accounts with imposed management restrictions may experience different performance from accounts without restrictions, possibly producing lower overall results.

Use of the TD Ameritrade brokerage service is a condition to implementing the discretionary portfolios investment advice provided through TDAIM. We feature TD Ameritrade as a broker to use in making securities transactions, and TD Ameritrade provides separate, dedicated brokerage accounts to facilitate tracking of client positions in TDAIM-related securities.

TD Ameritrade, Inc. and TD Ameritrade Investment Management, LLC are both wholly owned subsidiaries of TD Ameritrade Holding Corporation, which is a wholly owned subsidiary of The Charles Schwab Corporation. The discretionary transactions will be executed during daily trading windows on an individual account basis. TD Ameritrade currently charges no commissions in connection with the discretionary transactions in clients' associated TD Ameritrade accounts.

TD Ameritrade will charge a Regulatory Fee on certain transactions. Please see the description of Regulatory Fees under *Fees and Compensation, iii. Selective Portfolios Using Exchange Traded Fund Investments*.

## **Voting Client Securities**

TDAIM does not have authority over and specifically disclaims responsibility for voting proxies for securities in client accounts. Since we do not have proxy voting authority over securities in client accounts, we are not required to, and do not have, policies and procedures in place to govern the voting of proxies.

## **Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.



PO Box 2760 ■ Omaha, NE 68103-2760

Fax: 866-468-6268

### **Your Relationship with TD Ameritrade**

TD Ameritrade Holding Corporation (the “Company”), through its subsidiaries, provides a dynamic balance of investment resources and services that make it the investment firm of choice for millions of retail investors and independent Registered Investment Advisors (“RIAs”). The Company offers a full spectrum of investment services, including a leading active trader program, intuitive long-term investment solutions, and a national branch system, as well as relationships with one of the largest independent RIA networks and with an affiliated investment advisor.

Please note that, depending on your circumstances, you may have brokerage relationships, advisory relationships, or both with us. There are important differences between them as described below.

The Company’s subsidiary TD Ameritrade, Inc. (“TD Ameritrade”) is registered as both a broker-dealer and an investment advisor. You should understand that brokerage services are separate and distinct from investment advisory services. Each role is governed by different rules and regulations as well as separate legal agreements. The primary role of TD Ameritrade is to be your broker-dealer and execute trades for you based on your instructions and to provide custody services. However, on occasion, a TD Ameritrade Financial Consultant may refer you to an independent RIA or to our advisory affiliate, TD Ameritrade Investment Management, LLC (“TDAIM”).

### **Role as a Broker-Dealer**

Our Financial Consultants can help you get the most from your relationship with TD Ameritrade by pointing out account features, tools, and resources that complement your needs and investment style. Our Financial Consultants:

- Provide direct client support.
- Answer client information questions.
- Assist clients with inquiries regarding their accounts.
- Facilitate the processing of requests.
- Market to clients the resources, tools, and advisory services of TD Ameritrade and its affiliates.
- Assist clients in opening new accounts.
- Provide investment-related education.
- Make investment-related materials available.
- Recommend the purchase and sale of certain securities.
- Accept or place orders for securities products as directed by clients.

When TD Ameritrade acts as your broker-dealer, we will not have discretion to buy and sell securities for you. As your broker-dealer, we generally do not have a fiduciary or advisory relationship with you, and our obligations to disclose information regarding our business, conflicts between our interests and yours, and other matters are more limited than if we had a fiduciary or advisory relationship with you. As a broker-dealer, our interests may not always be the same as yours, and any recommendations we make are incidental to our brokerage services. We are typically paid in the form of commissions and other fees for executing your trades, and sometimes are paid by others who compensate us based on what you buy.

### **Role as an Investment Advisor**

Although TD Ameritrade’s primary role is as your broker-dealer, depending on your investment needs and style, our Financial Consultants may refer you to an investment advisory service, either AdvisorDirect® or TDAIM. If our Financial Consultants enroll you in such an investment advisory service, they will be acting as investment advisor representatives of TD Ameritrade (related to AdvisorDirect) or TDAIM, as the case may be.

Our Financial Consultants will provide you with a disclosure brochure for the investment advisory service you select. The brochure provides information about the advisory service, applicable fees, and potential conflicts of interest. The investment advisor you select will enter into a written agreement with you, acknowledging the investment advisory relationship and describing its relationship with you.



Investment advisors have a fiduciary duty to their clients, which means an advisor has a duty of good faith to act in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the advisor's interests may conflict with the client's. Furthermore, with an advisory service, you generally pay a quarterly fee based on the value of the assets being advised.

### **Our Retail Investment Advisory Services**

AdvisorDirect is an investment advisory service of TD Ameritrade that offers you a convenient way to find money management and financial planning services provided by unaffiliated RIAs, which may help you pursue your financial goals. AdvisorDirect puts you in touch with an independent RIA that you may choose to retain to pursue your particular investment needs. The Financial Consultant, when assisting you in the referral process to an unaffiliated RIA, may be acting in an advisory capacity. However, you ultimately retain the obligation to determine whether the unaffiliated RIA meets your investment needs.\*

TDAIM is a registered investment advisor and an affiliate of TD Ameritrade. TDAIM recommends diversified portfolios of funds according to factors such as your broader investment objective, risk tolerance, time horizon, or overall financial circumstances. Your information is entered into the TDAIM program that recommends diversified asset allocation portfolios along with a list of mutual funds or exchange traded funds that are investment vehicles used by TDAIM, on a discretionary basis. Financial Consultants cannot alter the program results and do not have discretionary authority over the portfolios. However, a Financial Consultant is acting as an investment advisor representative of TDAIM when assisting you with the TDAIM program and becoming a TDAIM client.\*\* In addition, to the extent that clients qualify for TDAIM's Personalized Portfolios service, their portfolios will be managed by a Portfolio Consultant acting on behalf of TDAIM as a fiduciary.

Please note that our investment advisory services are limited strictly to those accounts for which you have signed an investment advisory agreement. The fact that TD Ameritrade and TDAIM may provide investment advisory services for some of your accounts does not mean that the firms are under any obligation to provide investment advisory services for other accounts you may have at either TD Ameritrade or with other financial institutions.

If you have additional questions, please contact your Financial Consultant or call 800-669-3900.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

\* Minimum asset level required. There is no charge or obligation for the initial consultation with the independent advisor. Once you select an independent advisor, you will pay advisory fees and standard brokerage fees. Brokerage transactions executed through TD Ameritrade are subject to standard transaction charges. You should review an independent advisor's Form ADV, other applicable advisor disclosure documents, and the AdvisorDirect Disclosure and Acknowledgement Document prior to engaging an independent advisor. The Form ADV contains important disclosure information relative to an independent advisor's services and fees. Independent advisors charge an ongoing investment advisory fee for their services. Independent advisors will pay TD Ameritrade fees for their participation in the AdvisorDirect program. Those fees will usually constitute a percentage of the advisory fees you will pay your independent advisor. For additional details about the fees paid to TD Ameritrade and other conflicts of interest, please review the AdvisorDirect Disclosure and Acknowledgement Document at <https://www.advisorservices.com/content/advisor/pdfs/onlineforms/TDAI4855.pdf> and ask your independent advisor about its specific arrangement with TD Ameritrade. You are solely responsible for evaluating any advisor that you are considering. Please note: Under no circumstances should participation by a certain independent advisor in AdvisorDirect be considered an endorsement or recommendation by TD Ameritrade for that particular independent advisor.

\*\*Discretionary advisory services are provided for a fee by TD Ameritrade Investment Management, LLC, a registered investment advisor and subsidiary of The Charles Schwab Corporation. For more information, including investment risks, please see the Disclosure Brochure (Form ADV Part 2A). <http://www.tdameritrade.com/forms/TDA4855.pdf>

Brokerage services provided by TD Ameritrade, Inc., member FINRA/SIPC, and a subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. ©2021 Charles Schwab & Co. Inc. All rights reserved.

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value

Discretionary advisory services are provided for a fee by TD Ameritrade Investment Management, LLC, a registered investment advisor and subsidiary of TD Ameritrade Holding Corporation. For more information, including investment risks, please see the [Disclosure Brochure](#) (Form ADV Part 2A).

Brokerage services provided by TD Ameritrade, Inc., member FINRA/SIPC, a subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. ©2021 Charles Schwab & Co., Inc. All rights reserved.