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WRAP FEE PROGRAM BROCHURE

Appendix 1

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December 24, 2020

This Wrap Fee Program Brochure provides information about the qualifications and business practices of National Asset Management, Inc. ("NAM"). If you have any questions about the contents of this Brochure, please contact us at 561-981-1000. 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.

NAM is an SEC-registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about NAM also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD number for NAM is 115927.

Our Brochure may be requested, free of charge, by contacting the Compliance Department 561-981-1000. Our Brochure is also available on our web site www.namadvisorguide.com.

Item 2-Summary of Material Changes

This Item describes only material changes since the December 24, 2019 annual update.

As such, there were no material changes to report.

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Item 4 – Services, Fees, and Compensation

INTRODUCTION

This wrap fee program disclosure document provides information about wrap fee programs sponsored by NAM. A wrap program is one in which a client is charged a specified fee not based directly on transactions in the client's account for investment advisory services and execution of client transactions.

National Asset Management, Inc. ("NAM") is a subsidiary of National Holdings Corporation, the firm's sole owner. NAM was formed in 1994, and provides investment advisory services to individuals, trusts, estates, charitable organizations, corporations or other business entities, private funds, and pension and profit sharing plans. NAM offers its clients fee-based wrap programs to provide flexibility in investment strategy based upon the investor's financial goals, circumstances and risk tolerance. Fees are reflected on periodic statements issued by the custodian no less frequently than quarterly. Accounts generally have minimum account size requirements, which are negotiable, depending on the client household, relationship, type and size of the account. Advisory fees, including minimum fees, as well as minimum account size, are negotiable depending upon a range of factors including, but not limited to, account size and overall range of services provided.

The following paragraphs describe our wrap program services and fees. Please refer to the description of each investment advisory service listed below for information on our advisory services. As used in this Brochure, the words "we," "our" and "us" refer to NAM and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Investment Advisory Representative ("IAR") throughout this Brochure. NAM advisory services are made available to clients primarily through individuals associated with NAM as IARs. For more information about the IAR that provides advisory services to the client, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time a client engages the IAR. If a client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or NAM's Compliance Department.

As of September 30, 2020, we managed approximately $4,488,000,000 in client assets on a discretionary basis, and $401,000,000 in client assets on a non-discretionary basis.

TYPES OF ADVISORY SERVICES

NAM, through its IARs, offers advisory services described below to clients in various Wrap Fee Programs. Additional programs offered through NAM are described in its Form ADV 2A. Under such customized engagements, clients authorize IARs to purchase and sell securities on a discretionary or non-discretionary basis (depending on the Program) pursuant to investment objectives chosen by the client. The client's

IAR obtains the necessary financial data from the client, and assists in determining the appropriate program. The IAR provides ongoing investment advice and management that is tailored to the individual needs of the client through a review of the client's risk tolerance questionnaire. Depending on the program selected and the client's risk tolerance and objectives, the types of securities that may be purchased or sold include mutual funds, ETFs, equities, options, fixed income securities, structured notes, and interests in partnerships such as real estate, and oil and gas. In addition, IARs may manage the subaccounts of variable annuities. Clients generally may impose reasonable restrictions on investing in certain securities or groups of securities. If the client's instructions are unreasonable or NAM believes the instructions are inappropriate for the client, we will notify the client that, unless the instructions are modified, we may terminate the client's advisory agreement. NAM cannot accept instructions that prohibit or restrict the investment advisor of an open- end or closed-end mutual fund or exchange-traded fund, with respect to the purchase or sale of specific securities or types of securities within the mutual fund. Execution services are provided by an affiliated or unaffiliated broker-dealer.

Following is a description of the firm's fee-based programs, which are managed in the same manner as non-wrap programs. NAM and the IAR receive a portion of the wrap fee. By participating in a fee only program, you could pay more or less than you would through a non-wrap fee. Clients should refer to the description of each Program for a discussion of fees that clients might incur in addition to the asset-based fee. Clients should review with their IAR whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account (with resulting transaction fees if the program utilized were not a wrap) based on the proposed strategy for their account.

Portfolio Advisor Wrap and Wrap Plus Program

Under the Portfolio Advisor Program, NAM, through the client's IAR, manages individual client accounts through various investments on a discretionary basis. NAM may allocate a portion of a client's assets to sub-managers. In this program, NAM utilizes Envestnet for administrative services, and in some cases for trading at the applicable custodian through the Envestnet platform. The minimum initial investment for this program is $25,000. The minimum account size requirements are negotiable depending on the client household, relationship, type and size of the account.

In the Portfolio Advisor Program, clients will generally pay an assets under management ("AUM") investment advisory fee, as well as, depending on the custodian and fee schedule selected, a separate annual account fee and transaction fees. However, depending on the custodian selected, clients may elect a wrap fee, in which transaction and account fees will be wrapped into the AUM fee. See Administrative/Transaction Fee Schedule below.

The AUM fee is negotiated between the IAR and the client using schedules listed below as a maximum. The wrap fee schedule is included in the NAM Investment Advisory Agreement, with the following applicable maximums:

Total Account Value	**Maximum Annual Fee**
First $250,000	2.75%
Next $750,000	2.50%
Above $1,000,000	2.00%

There is a minimum AUM annual per account fee of $150. If a client has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular quarter even if at the end of the year a look back over the account's average balance for the entire year would have placed it above the minimum asset value threshold.

While transaction, custodial and administrative fees are wrapped, however, there can be additional administrative fees of up to $100 per year for accounts that require manual updates or for which data aggregation is implemented via a third-party (other than an independent qualified custodian such as NFS, Fidelity, Schwab, and TD Ameritrade).

An arrangement that charges AUM fees instead of transaction charges typically assumes a normal amount of trading activity, but under particular circumstances such as prolonged periods of inactivity or asset allocations with significant fixed income or cash weighting, this may result in higher compensation than if transaction fees were paid separately for each transaction. In negotiating AUM fees for wrap programs, IARs will discuss with their clients the impact of the size of their account and the anticipated level of activity in the account (with resulting transaction fees) based on the proposed strategy for their account. If NFS/NSC are selected as the custodian/broker.

If a wrap option is chosen, the Program may cost the client more or less than the client would pay if investment advice, brokerage and other services were purchased separately. Clients should consider the value of these services when making comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors might not be available to certain clients outside the relationship either because of minimum account sizes, fee schedules, geographic availability or other factors.

Wrap fee accounts are managed in the same way as any other accounts. However, you should be aware that advisors have an incentive to limit their trading activities in your account for AUM fee-only accounts. Clients should review with their IAR whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account (with resulting ticket charges if the program utilized were not a wrap) based on the proposed strategy for their account.

The IAR who recommends the Portfolio Advisor Program receives compensation as a result of a client's participation in the Program. IARs who manage accounts under the Program receive an advisory fee after payment of fees to the custodian. The amount of this compensation may be more or less than what the IAR would receive if the client paid separately for investment advice, brokerage and other services. The IAR therefore has a financial incentive to recommend wrap programs over other programs and services.

ADMINISTRATIVE/TRANSACTION FEE SCHEDULE				
Custodian	**Fee Schedule**	**Transaction Fees**	**Annual Account Fee**	**Notes**
NFS	Premier[1]	Stocks/ETF: $6.95 Mutual Funds: $10.00 Bonds/UITs: $15.00	$75[2]	
NFS	Wrap & Wrap Plus[3]	Included in AUM Fee	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
Fidelity	Premier: transaction based pricing[1]	Please refer to Fidelity's fee schedule	$75[2]	
Fidelity	Wrap	Included in the advisory fee (AUM charge)	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
Fidelity	Asset-based pricing[3]	Included in the advisory fee (AUM charge)	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
TD Ameritrade	Premier: transaction-based pricing[1]	Please refer to TD Ameritrade's fee schedule	$75[2]	
TD Ameritrade	Premier: asset-based pricing[4]	Please refer to TD Ameritrade's fee schedule	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
TD Ameritrade	Wrap[3]	Please refer to TD Ameritrade's fee schedule	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
Schwab	Premier: transaction-based pricing[1]	Please refer to Schwab's fee schedule	$75[2]	
Schwab	Premier: asset-based pricing[4]	Please refer to Schwab's fee schedule	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees
Schwab	Wrap[3]	Please refer to Schwab's fee schedule	Paid by IAR	The advisory fee/AUM charge may be higher than for programs with transaction fees

[1] Transaction charges are not included in the AUM fee for this account. You will pay separate transaction charges for each purchase and/or sale of securities according to the selected brokerage firm's fee schedule.

[2] There is a $75 annual account fee for this account. You will pay this fee in addition to the AUM fee.

[3] Transaction charges are included in the Client Fee for this account. You will not pay separate transaction charges for the purchase and/or sale of securities according to the selected brokerage firm's fee schedule. The AUM fee may be higher than in the Portfolio Advisor Premier schedule.

[4] Transaction charges are not included in the Client Fee for this account. You will pay separate asset-based charges for the purchase and/or sale of securities according to the selected brokerage firm's fee schedule.

The AUM and administrative fees are deducted automatically from the account quarterly in advance. The initial AUM Fee for the first calendar quarter or part thereof in which the client participates in the Program is calculated based on the assets in the account and prorated based on the number of calendar days remaining in the partial quarter from the date the account is accepted by NAM. Thereafter, the Program Fee is calculated at the beginning of each calendar quarter based on the value of Program Assets on the last business day of the prior calendar quarter. However, if an Account is opened in the last month of a calendar quarter, the Program Fee will be calculated and debited for the remaining period in the calendar quarter plus the next calendar quarter on or about the day after initial Program Assets are placed into the Program. If a client invests or withdraws $10,000 or more in any Account after the inception of a calendar quarter, the Program Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment or withdrawal. The Custodian will determine fair market value for Program Fee calculation purposes. If the Client Agreement is terminated and all Program Assets are withdrawn from the Program prior to the end of a quarter, the pro rata portion of the Program Fee will be reimbursed to the client. See below "Additional Fees" regarding additional fees that may apply.

The Program is operated as a directed brokerage. The client can select among the following custodians: NFS (with brokerage through National Securities Corporation, a NAM affiliate), Schwab, Fidelity, and TD Ameritrade.. By directing brokerage, clients may not receive the benefit of the lowest trade price then available for any particular transaction or client account trade orders may not be able to be aggregated to reduce transactional costs.

Portfolio Advisor Wrap and Wrap Plus Program with Performance Fees

A Portfolio Advisor Program with Performance Fees is available to persons who are qualified clients, meeting certain net worth or other criteria. The Portfolio Advisor Program with Performance Fees is a discretionary service. Clients in this program are charged a quarterly in advance, negotiable percentage asset-based fee/transaction charges (see description under Portfolio Advisor Program), plus a performance fee, quarterly in arrears. The performance fee is an agreed percentage of quarterly appreciation in the account (as adjusted for contributions and withdrawals), limited by a "high water mark," which is the highest prior quarterly value in the account from the time the performance fee program is elected.

NATIONAL ADVISORY PROGRAMS OPERATED USING ENVESTNET PLATFORMS

National offers three wrap programs using Envestnet's Platform, with transactions executed through and assets held at custodians selected by clients: the Separate Accounts Program for Separately Managed Accounts ("SMA") the Unified Managers Program ("UMA"), and the Fund Strategists Portfolio ("FSP") program. Envestnet Asset Management, Inc. is an investment management firm that provides investment management and investment advisory services through independent investment advisors.

For these programs, the client and client's IAR compile pertinent financial and demographic information to develop an investment program designed to meet the client's goals and investment objectives. Utilizing Envestnet's platform tools, National, through the IAR, will allocate, or recommend asset allocations for, the client's assets among the different options in the Program based on the client's investment needs, objectives, time horizon, risk tolerance and any other pertinent factors. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. For all Programs, the client directly owns the underlying securities, mutual funds or exchange-traded funds ("ETFs"). Mutual funds, ETFs, closed-end funds, unit investment trusts and real estate investment trust exchange traded funds are collectively referred to throughout this document generally as a "Fund" or "Funds."

Separately Managed Account ("SMA") For clients selecting the Private Managers Program for separately managed accounts, the client is offered access to an actively managed investment portfolio chosen from a roster of independent asset managers ("Manager") from a variety of disciplines. Unlike a mutual fund, where the funds are commingled, an SMA is a portfolio of individually owned securities that can be tailored to fit the client's investing preferences. Clients may also select individual Funds through the SMA Program. Envestnet will either assist the IAR in identifying individual asset managers and Funds that correspond to the proposed asset classes and styles or the IAR may independently identify asset managers and Funds. Envestnet retains the Managers for portfolio management services in connection with the SMA Program through separate agreements entered into between Envestnet and the Manager on terms and conditions that Envestnet deems appropriate.

There is a minimum account size for this program of $100,000 per account for equity and balanced portfolios; $250,000 for fixed income portfolios. The minimum for each mutual fund is $2500 per fund. Certain Managers may have higher or lower minimums than stated above in their sole discretion.

Unified Managers Program ("UMA") For clients using the UMA program, the client is offered a single portfolio that accesses multiple asset managers and Funds, representing various asset classes, that is customized by the client's financial advisor on a discretionary basis. Utilizing the Envestnet tools, the IAR customizes the asset allocation models for a particular client. The IAR then further customizes the portfolio by selecting the specific, underlying investment strategies or Funds in the portfolio to meet the client's needs. Envestnet will either assist the IAR in identifying individual asset managers and Funds that correspond to the proposed asset classes and styles or the IAR may independently identify asset managers and Funds. Once the IAR has established the content of the portfolio, Envestnet provides overlay management services for UMA accounts and implements trade orders based on the directions of the investment strategies contained in the UMA portfolio.

There is a minimum account size for the UMA program of $150,000 per model allocation, which may be negotiable. Certain Managers in the Program may have minimums applicable to the sleeve that they manage.

Fund Strategist Portfolios Program ("FSP") The FSP Program makes available asset allocation strategies of a variety of mutual fund and ETF asset managers on a discretionary basis. Each portfolio may consist solely of mutual funds or ETFs or may combine both types of funds to pursue different investment strategies and asset class exposures. Pursuant to a licensing agreement entered into with the asset manager, Envestnet provides overlay management of the portfolios and performs administrative and trade order implementation duties pursuant to the direction of the asset manager. The minimum account size for the FSP Program is generally $25,000.

In each of these programs, clients will receive separate advisory brochures specific to Envestnet and to models/managers selected.

Under each of the programs, discretionary authority is granted to manage assets held in the accounts, as well as to change Managers. However, NAM and Envestnet will generally not exercise their discretion to change Managers. NAM will recommend replacement of portfolio managers at any time the client's investment objectives, as communicated to NAM, change so as to make replacement appropriate or if NAM believes the Manager is not performing as well as expected, or if a Manager is removed from the Program.

For certain Managers, Envestnet has entered into a licensing agreement with the Manager, whereby Envestnet performs administrative and/or trade order implementation duties pursuant to the direction of the Manager. In such situations the Manager is acting in the role of a model provider through the use of investment models ("Third Party Models"). In that case, the asset manager, acting as a "Model Provider," constructs an asset allocation and selects the underlying investments for each portfolio. Envestnet performs overlay management of the Third-Party Models by implementing trade orders and periodically updating and rebalancing each Third Party Model pursuant to the direction of the Model Provider. Envestnet may, from time to time, replace existing Model Providers or hire others to create Third Party Models and cannot guarantee the continued availability of Third Party Models created by particular Model Providers. In managing the Third Party Models, certain Model

Providers may pursue an investment strategy that utilizes underlying mutual funds or exchange-traded funds advised by the Model Provider or its affiliates ("Proprietary Funds"). In such situations, the Model Provider or its affiliates may receive fees from the Proprietary Funds for serving as investment advisor or other service provider to the Proprietary Fund (as detailed in the Proprietary Fund's prospectus). These fees will be in addition to the management fees that a Model Provider receives for its ongoing management of the Third Party Models and creates a financial incentive for the Model Provider to utilize Proprietary Funds. Clients should discuss any questions with or request information from, NAM concerning the use of proprietary funds in third party models or the conflict of interest this creates.

Envestnet has developed a process to collect and report data on investment style and philosophy, past performance and personnel of money managers, who are designated as "approved." NAM leverages this process in making recommendations to you. Envestnet also makes available other money managers for which it has not performed due diligence; NAM may make those managers available if it conducts due diligence on those managers, including review of investment style and philosophy, past performance and personnel of Managers. The processes for implementing the Programs, as well as Envestnet's process for selecting, evaluating and monitoring approved managers, are more fully described in Envestnet's ADV Part 2A. You may be restricted in your ability to directly contact and consult with managers, but your IAR is available to address any questions, issues or concerns regarding these managers.

Neither NAM nor any IAR assumes responsibility for the conduct of portfolio managers, including their performance or compliance with laws or regulations. Clients are advised and should understand that (a) such manager's past performance is no guarantee of future results; (b) there is a certain market and/or interest rate risk which may adversely affect any manager's objectives and strategies and could cause a loss in a client's account, and (c) any risk parameter or comparative index selections provided for accounts are guidelines only; there is no guarantee that they will be met or exceeded.

At least annually, NAM will contact the client and request current information about the client to determine whether there have been any changes in that information. NAM will provide the portfolio manager with any such updated information the client provides. Clients are encouraged to, and are responsible for, regularly bringing material changes in objectives or financial situations to the IAR's attention. Any changes will be forwarded to the portfolio manager.

Envestnet operates the programs on its platform as a directed brokerage subject to most favorable execution of client transactions. The client can select among the following custodians: NFS (with brokerage through National Securities Corporation, a NAM affiliate), Schwab, Fidelity, and TD Ameritrade.. For additional information about the custodians, see below under "Available Custodians under the Envestnet Platform." Clients can request information about the specific charges from the custodian. By directing brokerage, clients may not receive the benefit of the lowest trade price then available for any particular transaction or client account trade orders may not be able to be aggregated to reduce transactional costs. Managers and Envestnet will have the authority to effect transactions for client accounts with or through a broker, dealer or bank other than that directed by client, if Envestnet or Manager believes that "best execution" of transactions may be obtained through such other broker, dealer or bank, including any broker-dealer that is affiliated with NAM, Envestnet or Manager. In such cases, commissions or other compensation to the brokers in such transactions will be in addition to the Program Fee. Third-party managers may have policies to aggregate your trades with their own trades or trades for other clients as disclosed in more detail in each third party's Form ADV Part 2A or offering document, as applicable.

The Envestnet platform provides various services that benefit NAM and its affiliates, such as billing services and proposal and recordkeeping tools. In addition, Envestnet offers training and conferences (including payment for travel and other services or entertainment that may not be strictly related to understanding the product) to associates who generate significant levels of assets under management with Envestnet. These benefits, economic and otherwise, create a conflict of interest. However, IARs have a fiduciary duty to recommend the most appropriate program for their clients.

Envestnet Platform accounts are charged a "wrap" fee. The fees cover advisory, execution, custodial and reporting services, and Manager fees when applicable.

The amount of the AUM fee agreed upon between NAM and the client is negotiated between NAM and the client, with the rate, which includes the administrative fee, included in the Statement of Investment Selection for the Program. The following are guidelines:

Account Value	**Annual Fee**
First $1,000,000	2.75%
Next $1,000,000	2.50%
Next $3,000,000	2.25%
Above $5,000,000	2.00%

In the SMA program, there is a minimum annual AUM per account fee of $300 for equity and balanced accounts and $375 minimum annual per account fee for fixed income accounts and $150 for mutual fund accounts. In the FSP program, there is a minimum annual AUM per account fee of $100. There is a $175 minimum annual fee in the UMA program. There is a $150 minimum annual fee in the Advisor as Portfolio Manager Program.

Under certain circumstances the minimum may be negotiable or waived. For purposes of calculating the Program Fees, the "account value" is determined by the custodian. See “Additional Fees for Most Programs” regarding additional fees that may apply.

For certain programs, clients may negotiate fees which can unbundle component costs, i.e. the advisory, execution, custodial reporting services, and sub-manager fees. Should clients negotiate unbundled fees, they will no longer be charged a “wrap” fee. Such clients should refer to NAM’s Form ADV Part 2A.

The fee is deducted automatically from the account quarterly in advance. The initial fee for the first calendar quarter or part thereof in which the client participates in the Program is calculated on the day after initial Program Assets are placed in the Program and prorated based on the number of calendar days in the partial quarter. Thereafter, the Program Fee is calculated at the beginning of each calendar quarter based on the value of Program Assets on the last business day of the prior calendar quarter. However, if an Account is opened in the last month of a calendar quarter, the Program Fee will be calculated and debited for the remaining period in the calendar quarter plus the next calendar quarter on the day after initial Program Assets are placed into the Program. If a client invests or withdraws $10,000 or more in any Account after the inception of a calendar quarter, the Program Fee for that quarter will be recalculated and pro-rated as of the day of the additional investment. The custodian will determine fair market value for Program Fee calculation purposes. If the Client Agreement is terminated and all Program Assets are withdrawn from the Program prior to the end of a quarter, the pro rata portion of the Program Fee will be reimbursed to client.

From these fees, Envestnet pays the portfolio managers fees ranging from 0.15% to 1.00% of assets under management. In general, a fixed income manager is paid 0.20-0.35%, and an equity manager is paid between 0.30-0.50%. Certain third-party fund strategists may not charge management fees, because they utilize their proprietary mutual funds and/or ETFs and receive fees from the underlying expenses of the Funds. Breakpoints may be available for larger accounts, and managers vary as described in Envestnet’s Form ADV Part 2A.

Envestnet may liquidate assets transferred into a Program in its sole discretion. Clients should thus be aware that if they transfer in-kind assets into a Program, Envestnet may liquidate such assets immediately or at a future point in time and clients may incur a brokerage commission or other charge, including a CDSC. Clients also may be subject to taxes when Envestnet liquidates such assets. Accordingly, clients should consult with their financial advisor and tax consultant before transferring in-kind assets into a Program.

The Program may cost the client more or less than the client would pay if investment advice, brokerage and other services were purchased separately. Clients should consider the value of these services when making comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship either because of minimum account sizes, fee schedules, geographic availability or other factors. Clients should also consider the amount of anticipated trading activity when selecting among Programs and assessing the overall cost. Fee-based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher compensation than if commissions were paid separately for each transaction.

Wrap fee accounts are managed in the same way as any other accounts. However, you should be aware that advisors have an incentive to limit their trading activities in your account for AUM fee-only accounts. Clients should review with their IAR whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account (with resulting ticket charges if the program utilized were not a wrap) based on the proposed strategy for their account.

The IAR who recommends the Envestnet Program receives compensation as a result of a client's participation in the Program. IARs who manage accounts under the Program receive an advisory fee after payment of fees to the custodian. The amount of this compensation may be more or less than what the IAR would receive if the client paid separately for investment advice, brokerage and other services. The IAR may therefore have a financial incentive to recommend the Program over other Programs and services.

Available Custodians under the Envestnet Platform

NAM does not have any traditional soft-dollar arrangements. However, as discussed below and throughout this document, NAM and its affiliates receive benefits from relationships with custodians, which it does not have to produce or pay for, and NAM may have an incentive to recommend a broker-dealer based on our interest in receiving the benefits, rather than on clients' interests in receiving most favorable execution. NAM's affiliated brokerage firms and its clearing firms receive compensation or other consideration for routing orders to particular broker/dealers or market centers for execution. Those brokerage firms provide quarterly reports (Rule 606 reports) regarding order routing practices, which identify the significant venues, as defined in the rule, where orders were routed in listed equity securities and listed options, as well as order routing details. The quarterly routing reports are available on the brokerage firms' websites. Further information may be obtained by contacting your IAR or the applicable broker-dealer for the program.

Relationships with the custodian/broker-dealers listed below may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). NAM will require that each client open an account with the applicable custodian/broker-dealer by entering into an account agreement directly with them.

We believe that the broker-dealers listed below provide quality execution services for our clients at competitive prices.

How NAM Selects Brokers/Custodians for This Program

NAM operates its Programs as a directed brokerage. NAM does not require a client to utilize any particular broker/custodian and currently has relationships with a number of brokers/custodians (listed below) that provide brokerage, clearing and custody services to clients in the Programs. The choice of which broker/custodian to utilize is determined by the client in consultation with their IAR and a client enters into a separate contractual relationship with the selected broker/custodian. Not all advisers require clients to direct brokerage.

Clients should understand that as different custodians have different transaction fee schedules for different types of clients and securities, NAM believes that there is no inherently superior custodial platform based on transactional fees alone. In addition, the price for transaction execution represents just one factor among many in selecting available custodians for its programs. An IAR has a fiduciary duty to clients and is not permitted to place a client in a program based on the IAR's interests or the interest of NAM or its affiliates. When selecting broker-dealers/custodians for its programs, NAM considers the following:

- Execution factors, including execution speed, execution percentage within national best bid and offer, and execution percentage with price improvement;
- Quality of overall execution services provided by the broker-dealer;
- Creditworthiness, business reputation and stability of the broker-dealer;
- Ability and willingness to correct trade errors;
- Promptness and accuracy of confirmation statements;
- Ability to access various market venues;
- The broker-dealer's custodial service quality and trading platforms; and
- Ticket charges by the broker-dealer.

NAM, on an annual basis, evaluates broker-dealers currently utilized, using the above factors, and in that connection reviews best execution reports provided by the account custodians that demonstrate their own compliance with best execution requirements and order routing. In evaluating the use of affiliated brokers, NAM assesses the above factors in the same manner as any other broker-dealer. Affiliated broker-dealers may not be favored over unaffiliated broker-dealers.

A discussion of certain factors and conflicts with respect to each custodian follows.

National Securities Corporation and National Financial Services LLC

Clients may elect to use NAM's affiliated broker-dealer, National Securities Corporation ("NSC"), which maintains a clearing arrangement with National Financial Services LLC ("NFS") for certain of the wrap programs described above. NSC's clearing arrangement with NFS permits execution of transactions at negotiated clearing rates, and use by NSC of trading and operations systems provided by NFS, including research, account look-up, and reporting and presentation software. NAM's affiliates also receive certain discounts from NFS, which vary depending on the volume of trades NAM's affiliated broker-dealers originate. This could give NAM an incentive to generate more frequent trading in clients' accounts, and to direct trading through NSC/NFS. In addition, when interest rates are at high enough levels to make it feasible, NSC receives revenue from NFS on client cash balances in money market funds, free credit balances and margin debits. By receiving the benefits from NFS described above, NAM has an incentive to recommend NSC/NFS based on its interest in receiving those products, services or fees, rather than on clients' interests in receiving most favorable execution. Finally, NAM uses certain NSC facilities, administrative systems and technology, and does not currently fully reimburse NSC for the cost of those services.

In selecting NSC and NFS as an option for some of its programs, however, NAM considered that NSC and NFS are subject to best execution requirements. Additionally, NFS offers a "No Transaction Fee" program in which more than 4,000 no-load and load-waived mutual funds can be purchased without a transaction charge. Participating mutual fund sponsors pay a fee to NFS to participate in this program. A portion of this fee is shared with NSC. None of these fees are shared with IARs who place NAM client assets in these funds, and the payments to NFS and NSC do not increase the cost of any investment. The benefit of this program for clients and for NAM IARs is the availability of thousands of mutual funds without any transaction charge and with no additional fees. The IAR has a fiduciary duty to recommend the most appropriate custodian for the client and may not place a client in a program based on the IAR's interests or the interests of NAM or its affiliates.

Charles Schwab & Co., Inc.

Clients may establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional"), an unaffiliated registered broker-dealer, member FINRA/SIPC, among others, to maintain custody of the client's assets and to effect trades for their accounts. Clients are advised that Schwab generally does not charge separately for custodial services but is compensated by charging commissions or other fees on trades that it executes or settles in your Schwab account. In addition, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade they execute by a different broker-dealer. These fees are in addition to the commission or other compensation you pay to the executing broker-dealer. Because of this, in order to minimize your trading costs, Schwab executes most trades for your account. Neither NAM nor any of its affiliates share in any portion of the brokerage fees/transaction charges imposed by Schwab Institutional. The commission/transaction fees charged by Schwab Institutional may be higher or lower than those charged by other broker-dealer/custodians. Schwab Institutional provides NAM with access to its institutional trading and operations services, which are typically not available to Schwab retail clients. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional clients or would require significantly higher minimum initial investments. Here is a more detailed description of Schwab's support services:

Services that Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events, including cash assistance towards technology related expenses
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as a total of at least $10 million of NAM clients' assets are held in accounts at Schwab. NAM's clients currently have accounts substantially in excess of $10 million at Schwab. When NAM established its relationship with Schwab in 2008, Schwab provided NAM with assistance in the amount of $45,000 toward technology and marketing related expenses on the expectation that client assets at Schwab would exceed $60 million. NAM clients currently have accounts with balances substantially in excess of $60 million.

Further, Schwab may provide various incentives to IARs, including marketing provided by vendors paid for by Schwab and waiver of transaction fees and availability of systems, which may be contingent on the quantity of business directed to Schwab. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. For certain IARs, the availability of the foregoing products and services is not contingent upon NAM committing to Schwab Institutional any specific amount of business (assets in custody or trading). However, certain IARs don't have to pay for Schwab's services or receive other benefits described above so long as they maintain client assets at a stated level. The availability of these services from Schwab benefits NAM's IARs because they do not have to produce or purchase them. Any commitment level may give the IAR an incentive to recommend that clients maintain their accounts with Schwab based on the IAR's interest in receiving Schwab's services that benefit their business rather than based on client interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. We believe, however, that NAM's selection of Schwab as an option for clients is in the best interests of our clients. This belief is based on the scope, quality and price of Schwab's services and not Schwab's services that benefit only NAM or IARs.

Fidelity Institutional

Clients may establish brokerage accounts with Fidelity Institutional, member NYSE/SIPC, an unaffiliated registered broker-dealer among others, to maintain custody of the clients' assets and to effect trades for their accounts. Clients are advised that there may be transaction charges involved when purchasing or selling securities. Additionally, the commission/transaction fees charged by Fidelity Institutional may be higher or lower than those charged by other broker-dealer/custodians. Fidelity Institutional provides NAM with access to its institutional trading and operations services, which are typically not available to Fidelity retail clients and access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts). Fidelity Institutional services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional clients or would require significantly higher minimum initial investments or with no transaction fees. Fidelity Institutional also makes available to NAM other products and services that benefit NAM but may not benefit its clients' accounts. These include technology that provides access to client account data (such as trade confirmations and account statements for our affiliates NSC), facilitate trade execution, provide research, pricing information and other market data, facilitate payment of NAM's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. The availability to NAM of the foregoing products and services is not contingent upon NAM committing to Fidelity Institutional any specific amount of business (assets in custody or trading). However, the incentives create conflicts of interest. Further, Fidelity Institutional may provide various incentives to IARs, including marketing provided by vendors paid for by Fidelity Institutional, and waiver of ticket charges (in other programs) and availability of systems, which for some IARs may be contingent on the quantity of business directed to Fidelity. We believe, however, that NAM's selection of Fidelity as custodian and broker is in the best interests of our clients. This belief is based on the scope, quality and price of Fidelity Institutional's services and not Fidelity Institutional's services that benefit only NAM or IARs.

TD Ameritrade Institutional

Clients may establish brokerage accounts with TD Ameritrade Institutional, an unaffiliated registered broker-dealer, member FINRA/SIPC, for services which include custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"). Clients are advised that there may be transaction charges involved when purchasing or selling securities. Additionally, the commission/transaction fees charged by TD Ameritrade Institutional may be higher or lower than those charged by other custodians. The services include the following products and services: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds with no transaction fees. TD Ameritrade may also have paid for business consulting and professional services received by NAM's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit NAM but may not benefit its client accounts. The benefits received by NAM or its IAR through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. However, TD Ameritrade may provide various incentives to IARs, including marketing provided by vendors paid for by Fidelity Institutional, and waiver of ticket charges and availability of systems, which for some IARs may be contingent on the quantity of business directed to TD Ameritrade. These benefits create a potential conflict of interest. We believe, however, that NAM's selection of TD Ameritrade as custodian and broker is in the best interests of our clients. This belief is based on the scope, quality and price of TD Ameritrade's services and not TD Ameritrade's services that benefit only NAM or IARs.

Unified Managed Account Program--FOLIOfn

NAM offers a Unified Managed Account Program through an agreement with FOLIO*fn* Investments, Inc., member FINRA/SIPC. Pursuant to the Program, an IAR associated with NAM provides ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these services, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the Program, and assists the client in setting an appropriate investment objective. NAM has trading discretion, exercised by the IAR, to allocate a client's account opened at FOLIO*fn* among models, as well as to mutual funds and exchange traded funds, and to rebalance the account from time-to-time among those alternatives. NAM makes available models of third-party investment advisors and proprietary models managed by IARs. It is the money manager (and not the IAR, unless the IAR manages a model into which funds are allocated) that has the authority to purchase and sell securities on a discretionary basis pursuant to investment objectives chosen by the client.

FOLIO*fn* was selected for the Program because it allows fractionalized share trading, which enables smaller accounts to take advantage of models provided through third-party investment advisors (as well as IAR models). FOLIO*fn* offers an integrated brokerage and technology platform featuring trading, execution, clearance and settlement services, and performs all execution services. FOLIO*fn* pays the costs of sponsorship fees for NAM conferences from time to time. NAM may have an incentive to recommend FOLIO*fn* based on its interest in receiving this benefit instead of our clients' interest in receiving most favorable execution. We believe, however, that NAM's selection of FOLIO*fn* as custodian and broker is in the best interests of our clients. This belief is based on the scope, quality and price of FOLIO*fn*'s services and access to fractionalized share trading and not FOLIO*fn*'s services that benefit NAM. Please note that Folio may use third party custodians for certain securities.

Folio*fn* charges NAM 20 basis points on client assets under management. This expense is borne by NAM, not by the client. However, if NAM invests client assets in certain mutual funds or other products that pay FOLIO*fn* a trail commission or other compensation FOLIO*fn* excludes those assets from the 20 basis points calculation. This creates a conflict of interest for NAM in that we have a financial incentive to recommend securities that reduce our operating costs, rather than recommend securities solely in response to client needs. However, NAM and its IARs have a fiduciary duty to recommend investments that are suitable, without regard to NAM's profit. In performing reviews, supervisors assess investment suitability, which would include reviews for inappropriate allocation of FOLIO*fn* accounts to mutual funds.

The ADV Form Part 2A for any third-party manager who has developed an available model is available to you from your IAR.

Each client will provide his or her IAR with information about the client's financial circumstances and investment objectives, along with any reasonable restrictions a client wishes to impose on the management of the account, which the IAR will use in selecting models and investing the account.

The IAR will contact clients annually to determine whether there have been any changes in the client's financial circumstances or investment objectives and whether the client wishes to impose or modify any reasonable restrictions. Clients should notify their IAR or NAM promptly of any material changes to their financial circumstances or investment objectives that may affect the management of their account.

FOLIO*fn* will be responsible for providing clients with confirmations of transactions executed and periodic statements of account activity. All assets invested through the Program will be held in a brokerage account in the Client's name established by the client with FOLIO*fn*. In addition to custodial services, FOLIO*fn* will provide execution, clearance, and settlement services under the Program. These services are included in the Program fee. However, in the unusual event that trades are executed outside of a "window," clients will incur separate transaction fees, imposed by Foliofn. This would likely occur only in the case of a client-specified restriction, in which case an IAR would have to manually trade a particular security. FOLIO*fn* will provide the client with monthly (quarterly if there is no activity in the account) account statements.

The minimum initial investment for the Program is $25,000. The minimum account size requirements are negotiable depending on the Client household, relationship, type and size of account. Unified Managed Account Program accounts are charged an assets under management ("AUM") fee. The amount of the AUM fee agreed upon between NAM and the client is negotiated between the IAR and the client at a rate not to exceed 2.75% annualized, with the rate included in the NAM Investment Advisory Agreement, plus an administrative fee of up to $75 per year, per account, which are negotiable. IARs are located across the country and negotiate fees with clients. The following are guidelines:

Total Account Value	**Annual Fee**
First $500,000	2.75%
Next $500,000 to $1,500,000	2.25%
Next $1,500,000 to $2,500,000	1.75%
Over $2,500,000	Less than 1.75%

The amount of the monthly or quarterly AUM fee (as selected by the IAR and the client) is billed in arrears based upon the average value of the assets in the account during the prior month or quarter, based on prices reported by FOLIO*fn*. These fees cover asset allocation, investment management, execution, custodial and reporting services. Accounts that begin or terminate for any reason within a calendar quarter are billed on a pro rata basis. Fees are automatically deducted by FOLIO*fn* from the client's account and are shown on the client's account statements. From this fee, Folio*fn* third-party portfolio managers are generally paid 0.50% for equity and balanced managers and 0.35% for fixed income managers, and 1.0-1.5% for specialty (international, global, high yield bond, small cap, etc. managers). IARs who act as portfolio managers may be paid as much as the entire fee paid by the client. Breakpoints may be available for larger accounts, and certain managers may receive higher fees.

In addition to the AUM fee and administrative fee, the client will pay certain fees charged by FOLIO*fn* for additional services, such as IRA fees, wire transfers and other fees detailed on FOLIO*fn's* website, www.folioadvisor.com. If investments are made in registered investment companies (e.g. mutual funds), in addition to the fees paid under the Program, clients will bear a proportionate share of the funds' expenses, including advisory fees paid to the mutual funds' investment advisors. A client may invest in a money market fund or mutual fund directly without incurring the fee charged for participation in the Program. Any non-sweep money market funds held in the account will be subject to Program fees. Clients will receive a prospectus and an annual report for each money market and mutual fund purchased. To the extent permitted by law, the Clearing Agent may act on an agency or principal basis. The Clearing Agent would retain any mark-ups, mark-downs or "spreads" associated with any such transaction in which it acts as principal. See "Additional Fees for Most Programs" regarding additional fees that may apply.

The Program may cost the client more or less than what the client would pay if investment advice, brokerage and other services were purchased separately. Clients should consider the value of these consulting services when making comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain models may not be available to certain clients outside the consulting relationship either because of minimum account sizes, fee schedules, geographic availability or other factors. Clients should also consider the amount of anticipated trading activity when selecting among programs and assessing the overall cost. Fee-based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher compensation than if commissions were paid separately for each transaction. Wrap fee accounts are managed in the same way as any other accounts. However, you should be aware that an IAR have an incentive to limit their trading activities in your account for AUM fee-only accounts, because brokers are charged for executed trades. Clients should review with their broker whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account (with resulting ticket charges) based on the proposed strategy for their account.

The IAR of NAM receives compensation as a result of a client's participation in the Program. The amount of this compensation may be more than what the IAR would receive if clients participated in other NAM Programs (if available) or paid separately for investment advice, and brokerage and other services and the IAR may therefore have a financial incentive to recommend the Program over other Programs or services that may be available.

FTJ FundChoice Program

Under the FTJ FundChoice Program, NAM serves as the advisor for the client on a non-discretionary basis. The client retains full authority to direct the execution of any transaction in the Account and selects Strategists and models. NAM provides advice regarding the selection of the Strategists/Model Portfolios made available by FTJ FundChoice ("FTJ") based on the client's investment needs and objectives. FTJ's ETF Strategist Program enables clients to select customized investment portfolio options composed of mutual funds, exchange-traded funds and exchange-traded notes (collectively "Model Portfolios,") managed by a group of third-party asset managers ("Strategists") FTJ has selected to participate in their ETF Strategist Program. FTJ engages the Strategists to develop and manage Model Portfolios through investments in mutual funds, exchange-traded funds and exchange-traded notes. The Strategists determine which combination of these securities to include in the Model Portfolios and will periodically adjust and rebalance the Model Portfolio investments to remain consistent with their investment strategies. Any modifications to the Model Portfolios by the Strategists are effected through the sales of securities in your account, which may have tax ramifications for you based on the transactions that result.

The Strategists are responsible for managing the Model Portfolios on behalf of FTJ FundChoice. Neither FTJ FundChoice nor the Strategists are acting as the client's investment advisor, nor possess knowledge of a client's individual information or investment goals and objectives or provide personalized investment advice to Client. Clients remain the owner of all securities held in their Model Portfolio account and have all ownership rights associated with these securities.

Clients are not permitted to place any investment restrictions on the Strategist models. When a Strategist suggests a transaction in any Strategist Model, FTJ FundChoice has the authority to conduct trading activity to reflect the transaction in a client's account, as outlined in the most recent version of the Terms of Use Agreement.

All assets invested through the Program will be held in a brokerage account in the client's name established by the client with TD Ameritrade Institutional, an unaffiliated registered broker-dealer, member FINRA/SIPC. TD Ameritrade will be responsible for providing clients with confirmations of transactions executed and periodic statements of account activity. In addition to custodial services, FTJ FundChoice and TD Ameritrade will provide execution, clearance, and settlement services under the Program. The services include the following products and services: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds with no transaction fees. TD Ameritrade may also have paid for business consulting and professional services received by NAM's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit NAM but may not benefit its client accounts. The benefits received by NAM or its IAR through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. However, TD Ameritrade may provide various incentives to IARs, including marketing provided by vendors paid for by Fidelity Institutional, and waiver of ticket charges and availability of systems, which for some IARs may be contingent on the quantity of business directed to TD Ameritrade. These benefits create a potential conflict of interest. We believe, however, that NAM's selection of TD Ameritrade as custodian and broker for this program is in the best interests of our clients. This belief is based on the scope, quality and price of TD Ameritrade's services and not TD Ameritrade's services that benefit only NAM or IARs.

There is no minimum initial investment, except for ETF Model Portfolios, which have a $50,000 minimum account size per model. FTJ Accounts are charged an assets under management ("AUM") fee by NAM, plus administrative fees, account maintenance fees, ETF Strategist fees, trading and custody fees by FTJ and the custodians, as described in FTJ's wrap brochure, a copy of which will be provided to clients. The amount of the AUM fee agreed upon between NAM and the client is negotiated between the IAR and the client, with the rate included in the NAM Investment Advisory Agreement which may be negotiable, with a maximum fee of 1.5%, deducted from your account by FTJ and paid to NAM monthly in arrears, plus an account maintenance fee of $25 per account annually if you receive electronic statements, and $50 per account annually if you receive paper statements. From this fee, strategists receive fees ranging from 0.10-0.20%. See "Additional Fees for Most Programs" regarding additional fees that may apply. The FTJ wrap brochure sets forth certain additional information about the custodian and the strategists, and additional expenses which may not be included in the above fees.

The Program may cost the client more or less than what the client would pay if investment advice, brokerage and other services were purchased separately. Clients should consider the value of these services when making comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain models may not be available to certain clients outside the relationship either because of minimum account sizes, fee schedules, geographic availability or other factors. Clients should also consider the amount of anticipated trading activity when selecting among programs and assessing the overall cost. Fee-based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher compensation than if commissions were paid separately for each transaction. Wrap fee accounts are managed in the same way as any other accounts. Clients should review with their broker whether a wrap program is appropriate for them, considering impact of the size of their account and the likely turnover of the account based on the proposed strategy for their account.

The IAR of NAM receives compensation as a result of a client's participation in the Program. The amount of this compensation may be more than what the IAR would receive if clients participated in other NAM Programs (if available) or paid separately for investment advice, and brokerage and other services and the IAR may therefore have a financial incentive to recommend the Program over other Programs or services that may be available.

Additional Fees for Most Programs

Additional fees, which will be separately borne by clients, include (i) dealer markups, markdowns or spreads by non-affiliated broker-dealers charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees that may be imposed by any collective investment vehicles ("Collective Investment Vehicles"), such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts (such as fund operating expenses, management fees, redemption fees, 12b-1 fee and other fees and expenses) or other regulatory fees; further information regarding charges and fees assessed by Collective Investment Vehicles may be found in the appropriate prospectus or offering document; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by another broker-dealer; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law; and (vi) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC") imposed upon the liquidation of "in-kind assets" that are transferred into the Program. With respect to this latter type of charge, Envestnet may liquidate such assets transferred into a Program in its sole discretion. Clients should thus be aware that if they transfer in-kind assets into a Program, Envestnet may liquidate such assets immediately or at a future point in time and clients may incur a brokerage commission or other charge, including a CDSC. Clients also may be subject to taxes when Envestnet liquidates such assets. Accordingly, clients should consult with their financial advisor and tax consultant before transferring in-kind assets into a Program.

In addition to the redemption fees described above, a client may incur redemption fees when the Advisor determines that it is in the client's overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Funds prior to the expiration of the minimum holding period of the funds. Some mutual funds also assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this may include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees.

The Program Fee does not cover certain custodial fees that may be charged to clients by the custodians other than NFS. A custodian may charge a minimum account fee. Clients also may be charged for specific account services, such as ACAT transfers, electronic fund and wire transfer charges, and for other optional services elected by clients. Similarly, the Program Fee does not cover certain non-brokerage-related fees such as individual retirement account ("IRA") trustee or custodian fees and tax-qualified retirement plan account fees and annual and termination fees for retirement accounts (such as IRAs). To the extent permitted by law, brokers other than NSC may act on a principal basis. The Broker would retain any mark-ups, mark-downs or "spreads" associated with any such transaction in which it acts as principal. In limited cases, with prior client consent, NAM affiliates may act as principal.

In any program, clients can elect an additional service to link non-managed accounts for reporting purposes for a fee of $18.75 per quarter.

Mutual Fund Share Classes Paying 12b-1 Fees or Other Compensation
Mutual funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional or advisor share classes (the "lower cost share classes") or other share classes that are designed for purchase in an account enrolled in an investment advisory programs (typically, Class I, "institutional," "investor" etc.). These lower cost share classes usually have a lower expense ratio than other share classes.

NAM and its advisory representatives who are dually registered with NAM's affiliated broker-dealer have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. This creates a conflict of interest.

Clients may be invested in other higher cost share classes with higher internal expenses when no lower cost share classes for a particular fund is available or the client is not eligible for the lower cost share classes due to the inability of the client to meet the investment minimums or any other restrictions imposed by the custodian.

Certain mutual fund share classes are available for purchase or sale without a transaction fee or surcharge; these mutual funds are typically available in the higher cost share class. Mutual Fund share classes which have a transaction fee or surcharge are typically available in the lower cost share classes. The decision to use the higher cost share classes versus the lower cost share classes is based on the anticipated level of trading activity in the selected mutual fund. Generally, prolonged holding periods of the higher cost share classes may result in higher underlying expenses to the client than if a lower cost share class were chosen with a transaction fee. In discussing which share class is appropriate with clients, our representatives will typically discuss the size of the investment in the particular mutual fund, anticipated number of transactions in the mutual fund, the preference of paying a transaction fee and the likely turnover of the assets in the account based on the proposed strategy for the account. Please contact your representative for more information about share class eligibility.

Additionally, in an effort to mitigate the above-referenced conflicts and meet current SEC regulatory expectations, fees received by NAM or its affiliated broker-dealer for any mutual fund that assesses a 12b-1 fee (trail) will be rebated back to client accounts.

You should be aware that the share class offered for a particular mutual fund will not, in many cases, be the least expensive share class that the mutual fund makes available. Also, other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through NAM. Clients may find additional information relating to Mutual Fund share classes by visiting http://www.finra.org/investors/alerts/understanding-mutual-fund-classes.

Bank Deposit Sweep Program

Each eligible (eligible registration types) brokerage account has an associated account to hold cash waiting to be reinvested. This account is called a "sweep" account because cash balances are automatically "swept" into the core account investment vehicle. By opening an account with NAM through its affiliated broker-dealer, NSC, you authorize us to establish the Bank Deposit Sweep Program.

Funds are swept to interest-bearing deposit accounts at one or more participating banks. Clients will benefit from a streamlined core account investment vehicle option that carries FDIC insurance protection up to a maximum of $2.5 million for an individual account or up to a maximum of $5 million for a joint account. Non-US customers, Trusts with Non-Natural Person Beneficiaries, Keoghs and Business Accounts are not eligible for the Program.

NAM's affiliated broker dealer, NSC, can receive a financial benefit (revenue sharing) which is a conflict of interest. Your investment adviser representative will not receive any portion of any revenue received by our affiliate.

Item 5 – Account Requirements and Types of Clients

NAM provides investment advisory services to individuals, trusts, estates, charitable organizations, corporations or other business entities, private funds and qualified pension/profit- sharing plans.

All wrap program advisory accounts have minimum account size requirements ranging from $0 to $250,000 as described in Item 4, which may be negotiable, depending on the client household, relationship, type and size of the account. Envestnet Programs may have higher minimum account size requirements depending on the manager and subprogram selected.

Item 6 – Portfolio Manager Selection and Evaluation

Portfolio Managers

Portfolio managers of separately managed accounts and models are available through the wrap programs described in this brochure. NAM has discretionary authority to change managers under certain of the programs. However, IARs will generally not exercise discretion to change managers, but may recommend replacement of portfolio managers at any time the client's investment objectives, as communicated to NAM, change so as to make replacement appropriate or if the IAR believes the sub-manager is not performing as well as expected, or if a manager is removed from the Program. It is the third-party portfolio manager (and not NAM or the IAR) that has the authority to purchase and sell securities on a discretionary basis. Envestnet has developed a Program to collect and report data on investment style and philosophy, past performance and personnel of money managers, who are designated as "approved." NAM leverages this process in making recommendations. Envestnet also makes available other money managers for which it has not performed due diligence; NAM does not permit clients who have not previously invested with those money managers to use those managers.

The processes for implementing the Programs, as well as Envestnet's process for selecting, evaluating and monitoring approved managers, are more fully described in Envestnet's ADV Part 2A. When an IAR makes a recommendation to change a portfolio manager or model, the IAR may review the portfolio manager's performance, but NAM does not have a review process for portfolio manager performance and any performance information the IAR reviews may not be calculated on a uniform and consistent basis.

In the Unified Managed Account Program the IAR has trading discretion to allocate a client's account opened at FOLIO*fn* among models, as well as to mutual funds and exchange traded funds, and to rebalance the account from time-to-time among those alternatives. It is the third-party portfolio manager (and not NAM or the IAR, unless the IAR manages a model to which funds are allocated) that has the authority to purchase and sell securities on a discretionary basis. NAM selects third-party money managers for the FOLIO*fn* program based on the types of models that may be beneficial to its clients. Third-party managers may provide performance reporting data, but neither NAM nor any third-party calculates portfolio manager performance or reviews portfolio manager performance information to verify its accuracy or compliance with presentation standards, and any performance information available may not be calculated on a uniform and consistent basis. Each IAR selects portfolio managers available on the platform for the client. When an IAR makes a recommendation to change a portfolio manager or model, the IAR may review the portfolio manager's performance, but NAM does not have a review process for portfolio manager performance and any performance information the IAR reviews may not be calculated on a uniform and consistent basis.

IARs may establish models for their own clients without prior NAM approval and are not subjected to the same review process as new third-party portfolio managers, which are available to all clients. This presents a conflict of interest as the IAR receives a greater percentage of the fee than if assets were allocated to a third-party portfolio manager. NAM addresses this conflict of interest during its supervisory review of accounts. An account may perform better or worse during any specific time frame or market conditions under the management of a NAM IAR than under the management of a third-party money manager.

In the FTJ FundStrategists Program, FTJ offers models/strategists selected by FTJ. FTJ, not NAM, reviews strategists, including the performance of strategist models on an annual basis.

Performance Based Fees and Side-By-Side Management

NAM may enter into performance fee arrangements with qualified clients (with respect to individuals, those having a net worth greater than $2,100,000 (exclusive of primary residence, with certain adjustments for indebtedness secured by primary residence) or for whom NAM manages at least $1,000,000. Performance-based fees are based on a share of capital gains or capital appreciation of a client's account.

Such fees are subject to individual negotiation with each client. NAM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, NAM will include realized and unrealized capital gains and losses.

NAM IARs manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which are described more fully below. In order to address the potential conflicts of interest, a NAM supervisor will review client trades and accounts for suitability in accordance with clients' investment objectives and risk tolerance, and fair allocation of investment opportunities by the IAR.

NAM receives compensation from certain private funds in the form of carried interest. Carried interest arrangements are described in detail in each private fund's offering memorandum and operating agreement.

Performance-based fee and carried interest arrangements create an incentive for NAM IARs to recommend investments which might be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts (or private funds) over other accounts in the allocation of investment opportunities.. To address this conflict of interest, we have instituted policies and procedures that require our IARs to allocate investment opportunities to applicable clients, as financially able, and if they are suitable in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees, or carried interest is received.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Each IAR has access to various research reports and model portfolios to which he or she may refer in determining investment advice provided to clients. Each IAR chooses his or her own research methods, investment style, and management philosophy. Accordingly, the investment advice provided to each client varies from one IAR to another.

It is important to note that no methodology, investment style, or investment strategy is guaranteed to be successful or profitable or can guarantee a client against loss. The investment strategies and advice varies depending upon each client's specific financial situation. As such, IARs determine investments and allocations based upon clients' predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Clients' restrictions and guidelines can affect the composition of client portfolios. NAM IARs use a variety of investment analysis techniques to analyze the securities they purchase or sell on behalf of clients, which might include:

- ***Fundamental Research*,** which is analysis of industries and companies based on factors such as sales, assets, earnings, products and services, markets and management. Fundamental analysis of economic trends includes interest rates, unemployment, inventories, consumer savings and gross national product(s). The risk of fundamental analysis is that information obtained might be incorrect and the analysis might not provide an accurate estimate of earnings, which might be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- ***Charting*,** which is the graphic tracking of price movements and other trends to determine typical movement. When a trend deviates from its norm, that can be an indicator of an impending upturn or downturn. The risk of market timing based on analysis of charts is that it may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in the market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- ***Technical Analysis,*** which involves analysis of stock prices, also takes into account internal market factors that reflect investor psychology. This style of analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

- ***Cyclical Analysis,*** which reviews securities in industries that are particularly sensitive to swings in general economic conditions. Economic/business cycles may not be predictable and may have many fluctuations between long- term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

- ***Asset Allocation,*** an attempt to identify an appropriate ratio of securities and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Investment Strategies

In the implementation of its analysis, NAM IARs may use some or all of the following strategies at any given time:

- ***Long Term Purchases*** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

- ***Short Term Purchases*** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short-term gains in taxable accounts are subject to federal income tax at higher rates than long-term gains. This difference in tax treatment is a disadvantage of short-term trades for taxable clients.

- ***Trading*** - IARs may use short-term trades (in general, selling securities within 30 days of purchasing the same securities) when managing client account(s). An IAR may sell a security soon after purchasing it on occasions when they determine that there is a reasonable basis for the sale and it is suitable given a client's stated investment objectives and tolerance for risk. Short-term gains in taxable accounts are subject to federal income tax at higher rates than long-term gains, while losses realized on securities held 30 days or less are generally not tax-deductible. These differences in tax treatment are disadvantages of short-term trades for taxable clients. There is also risk in that high velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

- ***Short Sales*** – securities transactions in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price. The risk associated with a short sale is the potentially unlimited loss should the underlying value of the short position increase in value instead of the anticipated decline. Another risk is buy-in risk. Once borrowed, the shares are subject to buy-in at any time, which could force the client to cover the short position at a disadvantageous time or price. Short sales require the use of margin, which may increase cost and risk. Additional costs include interest on the value of borrowed securities. Risks include buy-in and additional margin calls in response to market fluctuation or at the discretion of the custodian.

- ***Margin Transactions*** – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. This allows the client to purchase more stock than would be possible based on the client's available cash, and would allow the IAR to purchase stock without selling other holdings. This is a higher risk strategy. Securities purchased on margin are subject to liquidation, additional margin calls, and interest on the funds borrowed. Should the value of the securities decline, clients may be forced to deposit additional margin with limited notice, or to liquidate their securities at substantial losses.

- ***Option Purchases and Option Writing*** – Purchasing a long option gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor writes (or sells) an option, he or she is obligated to deliver to the buyer of the option a specified number of shares (or the calculated money difference) if the buyer exercises the option. The seller receives a premium in exchange for writing the option. Options are wasting assets and expire at pre-determined dates. Commission charges for option transactions may be higher than the charges assessed for other assets, such as individual equities.

Risk of Loss

Advisors may recommend many different types of securities, including mutual funds, ETFs, equities, options, fixed income securities, structured notes and interests in partnerships, such as real estate, or oil and gas. Investing in securities and alternative investments involves a risk of loss that clients should be prepared to bear. NAM does not represent or guarantee that methods of analysis employed by an IAR can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. NAM cannot offer any guarantees or promises that clients' financial goals and objectives will be met. Past performance is not an indication of future performance.

Described below are some particular risks associated with some types of investments available in the Programs. Risk is inseparable from return. Every investment involves some degree of risk, and both the degree of risk and the type of risk varies depending on the investment.

An understanding of risk in different forms can help clients understand the opportunities, trade-offs and costs involved with different investment approaches. The principal risk of any investment is that despite any comprehensive analysis, the security or instrument will not perform as expected. This can be due to, among other things:

- ***Market Risk*:** the success of client portfolio activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses;

- ***Equity Risk*:** investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets. A higher level of activity, or increased trading may result in higher transaction costs and higher taxes in taxable accounts and may also affect the strategies' overall performance;

- ***Management Risk*:** the strategies utilized by NAM IARs may not work in some market conditions; management risk could also influence mutual fund and ETF portfolio management teams;

- ***Fixed Income Risks*:** investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect their price/value. These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high-yield, fixed income securities fluctuate more than high-quality debt issues. Prices for these securities are especially sensitive to developments affecting the company's business (in the case of corporate high-yields) and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. In the event of a default, the investment may suffer a partial or total loss;

- ***Increased Regulations*: ** events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to utilize broker-dealers and counterparties to extend credit or restrict trading activities could adversely impact profit potential;

- ***Market Liquidity Risks*:** the value of securities held in client accounts that are traded on exchanges and the risks associated with holding these positions vary in response to events that affect asset markets in generals. Market disruptions such as those that occurred in 1987, 2001, 2008 and the "Flash Crash" in 2010 could lead to violent price swings in securities held within client portfolios and could result in substantial losses. Portfolios managed according to computer algorithms triggered by price fluctuation or other automated trading signals may be affected in a particularly negative way in the event of such market disruptions;

- ***Small Capitalization Companies***: a portion of assets may be invested in smaller and less established companies. Both debt and equity securities of such issuers tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios;

- ***Large Company Risk*:** large cap stocks can perform differently from other segments of the equity market or from the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies;

- ***Short Sales, Leverage and Derivatives*:** short sales, leverage and derivatives all represent substantial risks given their inherent heightened risk of loss. Leverage and derivatives imply borrowing capital. When such borrowing is deployed, losses can escalate quickly should investment suffer even small losses. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions can also be subject to a "short squeeze" that could lead to accelerating losses for those short that particular security;

- ***Convertible Arbitrage Risk*: if interest rates on a convertible security rise, its value usually falls;
- ***Options and Futures Risk***: the risk that the counter-party that wrote the option will be unable or unwilling to perform its obligations under the option contract, or the options may become illiquid and difficult to close. Options are a derivative of stocks. An option derives its value from the price of the underlying stock;
- ***Tax Risk:*** An IAR may not manage client accounts with tax consequences in mind; some strategies, including transactions in options and futures contracts, can be subject to special tax rules, which may have adverse tax consequences for the account holder;
- ***Extraordinary Events*:** global terrorist activity, Acts of God and United States involvement in armed conflict may negatively affect general economic fortunes, including sales, profits, and production, and may lead to depressed securities prices and problems with trading facilities and infrastructure;
- ***Non-US Investments:*** Client funds may be invested in securities (e.g., debt, equity, currencies, derivatives, etc.) domiciled outside the United States. Such investments expose a portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations;
- ***Potential Concentration:*** Client portfolios may have highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole.

Voting Client Securities; Investor Class Action Law Suits

All client securities in wrap programs are held at the respective custodian. These custodians are responsible for ensuring all proxy material is forwarded to the client. NAM does not serve as custodian for any client securities, and as such does not receive proxies for securities held in client accounts. NAM does not vote, nor give advice on how to vote, proxies for securities held on behalf of clients. Likewise, NAM does not take any action with respect to investor class action law suits. Under the investment advisory agreement between NAM and the client, the client retains exclusive voting authority over the securities in the client's portfolio and the firm does not have any role in proxy voting. Clients are responsible for voting all proxies, except with respect to wrap programs offered through the Envestnet platform, which are voted by Envestnet or the applicable Sub-Manager. If client assets are invested in mutual funds, the managers of those mutual funds may vote the proxies for the securities in the funds. Clients are entitled to receive information from fund managers concerning their proxy voting policies and procedures. Those managers are required to provide information to clients about the manner in which the managers of the Funds have voted proxies in the past. Clients should review the information that is provided concerning the proxy voting policies of the managers of the funds in which assets are invested.

Item 7 – Client Information Provided to Portfolio Managers

The process for investing in Managed Programs begins with NAM IARs recommending an appropriate asset allocation among Programs and recommending specific investment managers with whom we have established relationships or investment products. These recommendations will be based on information you have provided your IAR regarding your financial resources, risk tolerance and investment objectives.

Each client will provide his or her IAR with information about the client's financial circumstances, suitability and investment objectives, along with any reasonable restrictions a client wishes to impose on the management of the account, which the IAR will use in selecting portfolio managers or models managed by portfolio managers when investing the account. NAM will provide the client's portfolio manager with any investment policy statement or questionnaire prepared in connection with the Program. At least annually, the client's IAR will contact the client and request current information about the client to determine whether there have been any changes in that information. The IAR will provide Envestnet portfolio managers with any updated information the client provides promptly following receipt.

Clients are encouraged to, and are responsible for, regularly providing material changes in objectives or financial situations to the IAR's attention. Any changes will be forwarded to the portfolio manager.

Item 8 – Client Contact with Portfolio Managers

Under certain Envestnet programs, you may be restricted in your ability to directly contact and consult with managers, but your IAR is available to address any questions, issues or concerns regarding these managers or their recommendations.

The Unified Managed Account Program offers models, and there is no ability to contact managers of the models (except when an IAR acts as the portfolio manager). Likewise, there is no ability to contact Strategists in the FTJ FundChoice program.

Item 9 – Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of NAM or the integrity of NAM's management. The individual Form ADV Part 2B contains any disclosures with respect to IARs.

On March 11, 2019, National Asset Management, Inc. ("NAM"), along with 78 other investment advisers who voluntarily participated in the Securities and Exchange Commission's ("SEC") Share Class Selection Disclosure Initiative ("Initiative"), consented to a final resolution through an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers act of 1940 ("Order").

Through the Initiative, NAM self-reported certain instances from January 1, 2015 to June 10, 2017 ("Relevant Period") where NAM purchased, recommended, or held for advisory clients' mutual funds that charged 12b-1 fees when lower-cost shares of the same fund were available. NAM and its advisers earned 12b-1 fees from these funds and this created a conflict that NAM did not fully disclosed to its clients through its Form ADV or disclosure documents. The SEC found this practice violated Sections 206(2) and 207 of the Advisers Act.

To resolve the issue, and without admitting or denying the findings, NAM consented to cease-and desist this practice, to pay disgorgement of $664,006 and interest of $69,417. NAM distributed these funds to each affected investor who purchased or held shares during the Relevant Period, in an amount representing the 12b-1 fees, plus interest. Payment distribution was subject to a *de minimus* threshold, and subject to a review by the SEC. Additionally, NAM agreed to update its relevant disclosures related to 12b-1 fees, evaluate whether existing clients should be moved to lower-cost shares, and notify affected customers of the settlement terms. Because NAM self-reported this violation to the SEC, no civil penalties were imposed.

The full Order may be found at https://www.sec.gov/

On October 26, 2015, National Asset Management, Inc. ("NAM") consented to an Order of the U.S. Securities and Exchange Commission ("SEC") in an administrative proceeding initiated under the Investment Advisers Act of 1940 (Advisers Act"). As described in the Summary section of the Order, the proceeding concerns several disclosure and compliance-related violations and events during the years from 2008 through 2012. The Order found that NAM (1) failed to disclose to advisory clients in writing or obtain client consent to over 21,000 securities trades executed in a principal capacity, (2) failed to report in its SEC filings and timely disclose to clients the disciplinary histories of several of its associated persons, (3) failed to properly enforce its Code of Ethics when its then CEO, several directors, and many of its employees failed to submit hundreds of required reports on their personal securities trading to NAM, (4) failed to adopt and implement compliance policies and procedures reasonably designed to prevent violations of certain provisions of the Advisers Act and the rules thereunder, and (5) failed to conduct one required annual review of its compliance policies and procedures. NAM agreed to the imposition of a censure, a civil monetary penalty of $200,000, and certain undertakings, including the appointment of an independent compliance consultant to review and make recommendations regarding certain parts of NAM's compliance policies and procedures. The Order did not find an intent to deceive. It did find that NAM refunded to its clients the inappropriately assessed markups and markdowns on the 21,000 trades, took prompt remedial action, and cooperated with the SEC's investigation.

Other Financial Industry Activities and Affiliations

Other Investment Vehicles or Adviser Clients

NAM has a number of affiliates. In addition, the firm provides investment advisory services to individual clients and serves as investment adviser to a number of private funds. The firm and our affiliates may participate in or sponsor other investment vehicles and service additional advisory clients in the future. National Securities Corporation, a broker-dealer affiliate of NAM, acts as placement agent for private funds advised by NAM and managed by NAM/NSC affiliates, and receives commissions for the sale of interests in the funds as described in the offering documents for the funds. The private fund(s) and our affiliates may also decide to engage in other businesses. The existence of such multiple entities or clients, or other businesses, necessarily creates a number of conflicts of interest. Investment opportunities available to the funds are not made available to other NAM clients.

Compensation Received by IARs for Transactions Outside of NAM

An IAR associated with NAM may also be registered with broker-dealer affiliates of NAM and may render securities brokerage services through those broker-dealers under a commission arrangement. Clients may elect to effect securities transactions through certain of NAM's IARs in their respective individual capacities as registered representatives of NSC, an SEC registered broker-dealer and member of FINRA affiliated with NAM. NSC may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by NSC to the IAR in his/her capacity as a registered representative of the broker-dealer. A client who wishes to obtain such brokerage services would be required to enter into a brokerage account agreement with NSC. The brokerage commissions charged by NSC may be higher or lower than those charged by other broker-dealers.

Dually registered IARs may receive, through NSC, compensation from the sale of mutual funds.. Dual registration presents a conflict of interest and gives IARs an incentive to recommend investment products based on the compensation received, rather than on a client's needs. However, if a client establishes both an advisory account (advised by NAM) and a brokerage account (through NSC), the client and the IAR will establish the types of transactions that will be made in each account. Further, as a matter of procedure, NAM does not generally permit mutual funds with front-end or back-end commissions in the advisory program. Mutual fund share classes that traditionally charge either a front-end sales commission or a deferred sales commission may be purchased without any sales commission in NAM accounts, however. If previously purchased mutual funds are transferred into an advisory account and a commission was earned by an IAR associated with NAM or its affiliates, advisory fees will be suppressed for a minimum of eighteen months from the date of the initial investment. Further, fees received for any mutual fund that assesses a trail will be rebated back to client accounts. Clients have the option to purchase investment products that IARs recommend through unaffiliated broker-dealers.

Other Potential Conflicts of Interest and Compensation Program

In addition to the various programs listed above, NAM may in the future participate in or sponsor other investment vehicles, and service additional advisory accounts or clients. We may also decide to engage in other businesses. The existence of such present and future multiple investment vehicles and accounts, or other businesses, may create material conflicts of interest.

NAM has a program that provides its advisory representatives increased compensation for a limited period of time if they achieve certain goals, one of which is increasing their net new assets under management.

Recommendation of Other Registered Investment Advisers

NAM acts as a solicitor and refers some NAM clients to other Registered Investment Advisors and receive a portion of the fees charged by those Advisors, which varies depending on the solicitor arrangements with each Advisor. NAM's IARs receive a portion of the asset management fees paid to NAM by these Advisors.

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

NAM has adopted a Code of Ethics for all supervised persons of the firm to codify requirements to act at all times consistent with their fiduciary duty and to establish reporting requirements. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on trading on the basis of inside information, restrictions on the acceptance of significant gifts, and the initial, quarterly, and annual reporting of personal securities holdings and trading activity, among other things. All supervised persons at NAM must acknowledge the terms of the Code of Ethics annually, and when it is amended. NAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting NAM's Chief Compliance Officer.

NAM's IARs and other supervised persons are required to follow NAM's Code of Ethics. NAM's officers, directors, IARs, and employees of NAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for NAM's clients and at or about the same time as clients, subject to applicable laws. Trades by certain of these persons may present a conflict of interest. NAM addresses the conflicts through supervisory reviews that monitor whether an IAR's or other access persons' personal trading is consistent with recommendations made to clients, and pro rata allocations.

In limited cases, with prior client consent, NAM affiliates may act as principal or permit cross trades.

Review of Accounts

NAM supervisors are charged with reviewing all new advisory account documents to confirm the client's risk tolerance questionnaire is complete, and that the type of account and investment strategy and fee structure are suitable for the client. NAM's supervisors are required to review trades made in NAM accounts on a trade review system. NAM also use systems that provide for the ongoing monitoring of accounts. Those systems provide alerts, which are triggered by various factors intended to monitor for account activity, including suitability, asset allocation, concentration, sustained cash, and reverse churning for review by supervisors.

All clients receive statements of activity and account holdings directly from the asset custodian(s). Statements are sent monthly if there is activity in the account, otherwise quarterly. Clients may be provided with quarterly evaluation reports which will disclose an inventory of account holding and analyze the performance of the securities in the client's account.

Client Referrals and Other Compensation

Compensation for Client Referrals
NAM may from time to time pay compensation to affiliated or unaffiliated persons (solicitors) for referring clients to NAM, as permitted under Rule 206(4)-3 of the Investment Advisers Act of 1940. Such arrangements are disclosed in writing to the client at the time the referral is made. Appropriate disclosure would be provided to the client in accordance with SEC rules and the solicitor will be compensated by NAM according to the specific terms of the compensation arrangement contained in the NAM Solicitation Agreement.

NAM acts as a solicitor and may refer NAM clients to other Registered Investment Advisors, and receive a portion of the fees charged by those Advisors, which varies depending on the arrangement. NAM's IARs receive a portion of the asset management fees paid to NAM by these Advisors.

Additional Compensation
For some of NAM's legacy programs NAM offers, NAM requires the use of the services of NAM's affiliate, NSC. In other programs, clients may elect to use NSC for trade execution. NAM uses certain NSC facilities, administrative systems and technology, and does not currently fully reimburse NSC for the cost of those services. NSC receives a portion of revenue generated through trade execution (transaction fees), margin interest, etc. for accounts held through these respective firms. NAM also participates in the institutional programs of some unaffiliated broker-dealers, such as Charles Schwab Institutional, Fidelity Institutional, TD Ameritrade Institutional and Pershing LLC, collectively the "Clearing Agents." While there is no direct link between the investment advice given and participation in the programs, economic benefits are received.

These benefits include receipt of duplicate confirmations and bundled duplicate statements to our affiliate, NSC; access to a trading desk serving advisor participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate share to client accounts; access to an electronic communication network via the Clearing Agents' web portal for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional clients. The benefits received through participation in the programs do not necessarily depend upon the proportion of transactions directed to the respective broker-dealer.

Financial Information

Under no circumstances does NAM require or solicit payment of fees in excess of $1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, NAM is also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. NAM has no additional financial circumstances to report.

NAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.