

# FORM ADV – PART 2A

Disclosure Brochure • June 22, 2018

This brochure provides information about the qualifications and business practices of Ameritas Investment Corp. (AIC) If you have any questions about the contents of this brochure, please contact us at (800) 335-9858, or by email at [AmeritasInvestmentCorp@ameritas.com](mailto:AmeritasInvestmentCorp@ameritas.com). 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.

Additional information about Ameritas Investment Corp. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an Investment Adviser does not imply a certain level of skill or training.



**Ameritas Investment Corp.**

Member FINRA/SIPC

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## Material Changes

The last annual update to the Ameritas Investment Corp. Form ADV Part 2A was filed on March 10, 2017. Since then the following material changes have occurred:

- As previously disclosed, on October 6, 2017, Ameritas Investment Corp., without admitting or denying the findings, executed an Acceptance, Waiver and Consent (AWC) which FINRA accepted on November 8, 2017. The AWC recited that FINRA found that AIC failed to establish, maintain and enforce policies or provide sufficient guidance to registered representatives and principals on the sale of multi-share class VA's, particularly the combination of L-share contracts with long-term income riders. Further, FINRA alleged that AIC failed to reasonably supervise equity securities commissions charged by representatives that were at a four percent rate to determine whether such commissions were reasonable and fair given considerations outlined in Rule 2121. Without admitting or denying the FINRA allegations, AIC agreed to a censure and to pay a fine to FINRA of \$180,000.
- Further, during a recent internal review, AIC noted that some clients were inadvertently charged a ticket fee within their advisory accounts. In response, AIC has put in place controls to help prevent overcharging transaction fees, and is reimbursing customers who paid in excess of AIC's stated transaction fees.
- To the extent that AIC receives 12b-1 fees in advisory accounts, such fees will be rebated back to clients.

We may update this Brochure at any time. If we make any material changes relating to our disciplinary information, we will provide you either: (i) a complete copy of our Form ADV Part 2A that includes or is accompanied by a summary of material changes or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2A. We urge you to carefully review all material change summaries as they contain information about significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

To receive a complete copy of our Brochure at no charge, please contact our Compliance Department at 800-335-9858.

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## Advisory Business

### A. Description of our Firm & Principal Owners

AIC is an investment advisor registered with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940. AIC was incorporated in 1984, and has been registered with the SEC as an investment advisor since 1998. As of March 1, 2018, AIC has \$4,305,678,309 in assets under management “AUM”, of which \$381,999,830 is managed on a discretionary basis, and \$3,923,678,479 is managed on a non-discretionary basis.

AIC is owned by Ameritas Life, whose ultimate parent is the Ameritas Mutual Holding Company (“Ameritas”). “Ameritas” is the marketing name for the subsidiaries of Ameritas Mutual Holding Company, including Ameritas Life, Ameritas Life Insurance Corp. of New York (“Ameritas Life of NY”) and AIC.

AIC offers a variety of advisory services that are made available to clients primarily through individuals associated with AIC as investment advisor representatives (“IARs” or “IAR”). For more information about the IAR providing advisory services, 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 client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or AIC at [AmeritasInvestmentCorp@ameritas.com](mailto:AmeritasInvestmentCorp@ameritas.com).

AIC is also a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”), and an IAR also may be registered with AIC as a broker-dealer registered representative. Therefore, an IAR may be able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the client’s investment needs and goals.

Our principal business as an Investment Advisor is to provide advice about securities for fees. We provide advisory services to our clients nationwide, through our IARs. Our other principal business is that of a nationwide broker/dealer. We are a leading provider of municipal bond underwritings in the State of Nebraska.

Our corporate philosophy of emphasizing customer service and long-term relationships has led us through more than a decade of growth. We pride ourselves on providing a full spectrum of investment management services to help meet your financial needs.

**Other Ameritas Companies include:**

- Ameritas Investment Partners (“AIP”) (a federally registered investment adviser),
- Griffin Realty, LLC

B. Types of Advisory Services Offered

AIC Investment Solutions at a Glance		
	Description	Programs Offered
<b>Investment Advisory</b>	AIC, through its IARs, provides ongoing investment advice that is tailored to your individual needs. IARs provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, fixed income securities, and options, among others.	Managed Account Solutions (“MAS”) IAR as Portfolio Advisor/Manager <ul style="list-style-type: none"> <li>• Galaxy</li> <li>• Galaxy Wrap</li> </ul> AIC Proprietary Program <ul style="list-style-type: none"> <li>• Constellation (Wrap)</li> </ul>
<b>Third-Party Investment Management</b>	AIC, through its IARs, will examine your investment objectives, risk tolerance, and other factors to knowledgeably recommend a third-party investment management program to you. Upon your selection of a third-party investment manager, AIC and its IARs will monitor your portfolio to ensure that it remains prudent based on your risk profile and financial situation.	<b>MAS Third-Party Programs</b> <ul style="list-style-type: none"> <li>• Fund Strategist Portfolios (“FSPs”), Multi-Manager Accounts (“MMAs”), Separately Managed Accounts (“SMAs”), and Unified Managed Accounts (“UMAs”)</li> </ul> <b>Direct Advisory Third-Party Programs</b> <ul style="list-style-type: none"> <li>• Ameritas Investment Partners (Affiliated Programs)</li> <li>• AssetMark</li> <li>• Beacon</li> <li>• CLS</li> <li>• Fidelity Automated Managed Platform (“AMP”)</li> <li>• Flexible Plan Investments</li> <li>• SEI</li> <li>• Vantage Investment Advisors</li> </ul> <b>Direct Solicitor Third-Party Programs</b> (closed to new clients)
<b>Financial Planning and Wealth Management</b>	AIC, through its IARs, provides a variety of financial planning and wealth management services to help you achieve your stated financial goals and objectives. Financial plans can be either comprehensive or narrowly tailored to address specific areas. The implementation of recommendations is not included as part of the financial planning process.	<ul style="list-style-type: none"> <li>• Financial Planning and Wealth Management Services</li> <li>• Portfolio Advisor (closed to new clients)</li> </ul>
<b>Retirement Plans</b>	AIC, through its IARs, provides a variety of services for compensation to ERISA retirement plan sponsors and plan participants. Services may include investment education or investment advice. IARs do not act with discretionary authority over ERISA retirement plan accounts.	<ul style="list-style-type: none"> <li>• Retirement Plan Advisory Services</li> <li>• Advantage Advisory Program (“AAP”) (closed to new clients)</li> </ul>

C. How Services are Tailored to Fit Your Needs

When you open an account with us or consult one of our IARs for a financial plan, your IAR will obtain the necessary financial data from you in the form of:

- a Risk Assessment Questionnaire and/or
- a Client Data Sheet and/or
- a New Account Form.

AIC, through your IAR, will examine your investment objectives, risk tolerance, and other factors to knowledgeably recommend specific investments to suit your needs. If there are any changes to this information, please notify your IAR immediately. Your IAR will meet with you at least annually to review this information and to determine whether your assets should be reallocated due to changes in your financial situation, the market or other conditions.

**Wrap Fee Programs**

AIC through firm sponsored programs and third-party money management programs, offers “wrap fee” programs in which the client pays a specified fee for portfolio management services and trade execution. Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs assess trade execution costs that are in addition to the investment advisory fees.

Galaxy Wrap accounts are managed by your IAR in accordance with his or her own investment methodology and philosophy. The Constellation Model Portfolio Wrap Program (“Constellation”) is an AIC proprietary program which provides you with ongoing discretionary management of your portfolio for one annualized wrap fee. Mercury, Gemini and the Private Client wrap programs are co-sponsored by AIC with ongoing discretionary management provided by AIP.

The other wrap fee programs available through AIC are managed by a third-party investment manager. Wrap fee programs are managed in accordance with the investment methodology and philosophy of the respective third-party investment manager. AIC receives a portion of the investment advisory fee you pay when you participate in any of these programs.

The information you provide could include a description of the investment objectives and guidelines for your Account, including any investment restrictions you intend to apply to your account.

## Services, Fees and Compensation

### A. Investment Advisory

#### **Managed Account Solutions (“MAS”) IAR as Portfolio Advisor/Manager**

##### **Galaxy**

The Galaxy Program provides participants with the ability to purchase and sell mutual funds and general securities in an advisory account. AIC, through your IAR, will examine your investment objectives, risk tolerance, and other factors in order to knowledgeably recommend specific investments. Recommendations may be provided on a variety of investment options to suit your specific needs. This program is generally non-discretionary and investment decisions are made by you. In limited circumstances, you may grant discretion to your IAR. Your IAR must obtain written authorization from you prior to exercising discretionary authority over your account. When acting with discretion, your IAR has the authority to buy or sell securities without contacting you in advance. You may place reasonable restrictions on the management of your account including restrictions on the type of securities that can be purchased in your account. You may withdraw your authorization at any time by providing written notice to AIC or your IAR.

Your IAR will review your asset allocation at least annually to determine whether your assets should be reallocated due to changes in your financial situation, or market or other conditions.

If you elect to engage in a consolidated advisory fee relationship, your IAR will address your goals and needs through AIC. Your IAR's initial analysis will include a basic review of your fundamentals, including your net worth and current cash flow, protection needs and basic estate planning needs. The initial recommendations may address only the areas that you have identified as your most immediate needs and priorities. Your IAR is not obligated to make any recommendations or give any financial advice to you that, in the sole judgment to the IAR, would be impracticable, unsuitable, unattainable or undesirable. As part of your IAR's basic review of your fundamentals, you may receive, without charge, a life insurance analysis. Your IAR will receive no compensation for the life insurance analysis but may receive compensation for insurance products you purchase. Assets for this program are custodied at National Financial Services, LLC (“NFS”), 155 Seaport Blvd., Boston, MA.

You may be subject to fees charged by the mutual funds (i.e. 12b-1 fees) or variable insurance contracts (i.e. insurance charges or 12b-1 fee for the underlying fund expenses) included in your portfolio as set forth in the prospectus for each security. If the insurance contract is issued by an affiliate, this creates a conflict of interest which is addressed elsewhere in this brochure. As receipt of 12b-1 fees through this program creates a conflict of interest, such fees will be rebated back to clients. Additionally, if you invest in certain products such as mutual funds and variable insurance contracts, you may pay two levels of management fees, the direct management fee to us and an indirect management fee as a product expense through the investment product. You would not incur our direct management fee by investing directly in mutual funds or variable insurance contracts. AIC disclosed all material conflicts of interest so that existing and prospective clients may evaluate their impact. AIC also maintains a Code of Ethics requiring your IAR to always act in your best interest, and maintains a supervisory structure to monitor the advisory activities of your IAR to reduce potential conflicts of interest.

Minimum investments to purchase mutual funds in Galaxy are \$2,500 initially for non-qualified accounts with a \$500 minimum on subsequent investments or the fund's minimums as specified in the fund's prospectus, whichever is higher. For qualified accounts, the initial investment required is \$500 with a \$500 minimum on subsequent investments or the fund's minimums as specified in the fund's prospectus, whichever is higher. Miscellaneous custodial charges for the Program (such as confirmation fees, reorganization fees, transfer fees, etc.) may be assessed by NFS, or directly by the mutual fund sponsors as described in the prospectuses. Certain other miscellaneous charges may also be imposed, including IRA and Qualified Retirement Plan Account Custodian, and/or termination fees.

With regard to variable insurance products, in rendering advice concerning specific investments, AIC and its associates may recommend investments in Ameritas Life and/or other affiliate products, including Ameritas Life variable annuities and variable universal life “VUL” policies. Although we recommend only investments that we believe are in your best interests, our affiliation with Ameritas Life, including our role as principal underwriter for Ameritas Life, will present a potential conflict of interest for us when recommending investments in such annuities and VUL policies. Under these circumstances, you would be advised that AIC and/or our affiliates are acting in dual capacities in connection with such recommendation and that a conflict exists.

Variable annuities and VUL policies purchased in a Galaxy account are no-load, though there are separate fees and expenses associated with such annuities, plus underlying investment option expenses. Some charges are assessed against the variable annuity or VUL (maintenance and transfer fees and tax charges, if applicable) and some may be assessed on the sub-account investment options (mortality and expense risk charges and administrative charges). You should always read the variable annuity or VUL prospectus carefully before sending money to us or the insurer.

The minimum account size in Galaxy is generally \$50,000. The minimum annual fee is generally 0.50%. Advisory fees are charged as a percentage of assets in the account. You can choose to pay a flat annual percentage fee or utilize the tiered fee schedule below. Any flat fee must fall within the range of maximums shown on the schedule below.

Assets Under Management	Standard Account Annual Maximum Fee
Up to \$250,000	2.00%
\$250,000 – \$500,000	1.75%
\$500,000 – \$1,000,000	1.50%
\$1,000,000 – \$3,000,000	1.25%
Above \$3,000,000	1.00%

The maximum<sup>1</sup> clearance and execution charges are listed below:

Transaction Fees for General Securities Trades <sup>1</sup>		
Product Type	Clearance (per trade)	Execution
Equities	\$9	\$.01 per share
Mutual Fund Buys	\$9	
Mutual Fund Redemptions	\$9	
Mutual Fund Exchanges	\$4.50 each way	
Systematics	\$0	
Options	\$9	Up to \$1.50 per contract
Corporate Bonds	\$30	
Municipal Bonds	\$30	
Government Agencies and Treasuries	\$30	
Money Market Instruments	\$30	
CDs/Commercial Paper	\$30	
Mortgage Backed Securities	\$30	
UITs	\$50	
Alternative Investments	\$50	
Precious Metals	\$50	

<sup>1</sup>All Trades will also incur an additional postage and handling fee.

**Galaxy Wrap**

The Galaxy Investment Advisory Wrap Account Program provides participants with the ability to purchase and sell mutual funds and general securities in an advisory account. AIC, through your IAR, will examine your investment objectives, risk tolerance, and other factors in order to knowledgeably recommend specific investments. Recommendations may be provided on a variety of investment options to suit your specific needs. This program is generally non-discretionary and investment decisions are made by you. In limited circumstances, you may grant discretion to your IAR. Your IAR must obtain written authorization from you prior to exercising discretionary authority over your account. When acting with discretion, your IAR has the authority to buy or sell securities without contacting you in advance. You may place reasonable restrictions on the management of your account including restrictions on the type of securities that can be purchased in your account. You may withdraw your authorization at any time by providing written notice to AIC or your IAR.

If you elect to engage in a consolidated advisory fee relationship, your IAR will address your goals and needs through AIC. Your IAR's initial analysis will include a basic review of your fundamentals, including your net worth and current cash flow, protection needs and basic estate planning needs. The initial recommendations may address only the areas that you have identified as your most immediate needs and priorities. Your IAR is not obligated to make any recommendations or give any financial advice to you that, in the sole judgment to the IAR, would be impracticable, unsuitable, unattainable or undesirable. As part of your IAR's basic review of your fundamentals, you may receive, without charge, a life insurance analysis. Your IAR will receive no compensation for the life insurance analysis but may receive compensation for insurance products you purchase. Your IAR will review your asset allocation at least annually to determine whether your assets should be reallocated due to changes in your financial situation, or market or other conditions. Assets for this program are custodied at NFS.

The Galaxy Wrap Program is distinguishable from the Galaxy Program in that it provides you with a variety of investment-related services for an asset-based fee, and any trades within the program are made without incurring transaction charges. Miscellaneous custodial charges for the Program (such as confirmation fees, reorganization fees, transfer fees, etc.) may be assessed by NFS, or directly by the mutual fund sponsors as described in the prospectuses. Certain other miscellaneous charges may also be imposed, including IRA and Qualified Retirement Plan Account Custodian, and/or termination fees.

Minimum investments to purchase mutual funds in Galaxy Wrap are \$2,500 initially for non-qualified accounts with a \$500 minimum on subsequent investments or the fund's minimums as specified in the fund's prospectus, whichever is higher. For qualified accounts, the initial

investment required is \$500 with a \$500 minimum on subsequent investments or the fund's minimums as specified in the fund's prospectus, whichever is higher.

You may be subject to fees charged by the mutual funds (i.e. 12b-1 fees) or variable insurance contracts (i.e. insurance charges or 12b-1 fee for the underlying fund expenses) included in the client's portfolio as set forth in the prospectus for each security. If the insurance contract is issued by an affiliate, this creates a conflict of interest which is addressed elsewhere in this brochure. As receipt of 12b-1 fees through this program creates a conflict of interest, such fees will be rebated back to clients. Additionally, if you are invested in certain products such as mutual funds and variable insurance contracts, you will pay two levels of management fees, the direct management fee to us and an indirect management fee or product expense through the investment product. The Client, by investing directly in mutual funds or variable insurance contracts, would not incur AIC's direct management fee.

With regard to variable insurance products, in rendering advice concerning specific investments, we may recommend investments in Ameritas Life and/or other affiliated products, including Ameritas Life VUL policies. Although we recommend only investments that we believe are in your best interests, our affiliation with Ameritas Life including our role as principal underwriter for Ameritas Life, will present a potential conflict of interest for us when recommending investments in no-load annuities. Under these circumstances, you would be advised that we and/or our affiliates are acting in dual capacities in connection with such recommendation and that a conflict exists.

Variable annuities and VUL policies purchased in a Galaxy Wrap account are no-load though there are separate fees and expenses associated with such annuities or VUL policies, plus related investment option expenses. Some charges are assessed against the variable annuity or VUL policy (maintenance and transfer fees and tax charges, if applicable) and some may be assessed on the sub-account investment options (mortality and expense risk charges and administrative charges). You should always read the variable annuity or VUL prospectus carefully before sending money to us or the insurer.

The minimum account size in Galaxy Wrap is generally \$250,000. The minimum annual fee is generally 0.50%. Advisory fees are charged as a percentage of assets in the account. You can choose to pay a flat annual percentage fee or utilize the tiered fee schedule below. Any flat fee must fall within the range of maximums shown on the schedule below.

Assets Under Management	Standard Account Annual Maximum Fee
Up to \$250,000	2.00%
\$250,000 – \$500,000	1.75%
\$500,000 – \$1,000,000	1.50%
\$1,000,000 – \$3,000,000	1.25%
Above \$3,000,000	1.00%

## AIC Proprietary Program

### Constellation

The Constellation Model Portfolio Wrap Program ("Constellation") is an AIC proprietary program which provides you with ongoing discretionary management of your portfolio for one annualized fee. AIC, through your IAR, provides a non-discretionary recommendation of the Constellation program. As a participant in Constellation, you will have the opportunity to choose from six professionally managed investment portfolios recommended by a team of managers from AIC and Ameritas Investment Partners, Inc. ("AIP"). AIP is registered as an investment advisor under the Investment Advisers Act of 1940. AIC maintains an agreement with AIP under which AIP provides certain investment advisory services to AIC. AIP and AIC are members of the Ameritas Companies, the ultimate parent of which is Ameritas Mutual Holding Company.

AIC, through your IAR, will examine your investment objectives, risk tolerance, and other factors in order to recommend a strategy for you. Your IAR will make non-discretionary recommendations based on the information provided by you, but the ultimate decision on a strategy rests with you. Once you select a strategy and invest, AIC, in conjunction with AIP, will monitor the portfolio to help ensure it remains within guidelines. Responsibilities undertaken by AIC will be through its advisory agreement with AIP, its investment adviser, including development of investment portfolios, portfolio monitoring, and account administration. AIC will act with discretionary authority to buy and sell securities or other investments for Client's Account, and as such, does not accept any compensation in addition to its advisory fee. In providing discretionary investment advice, AIC acts as a fiduciary to you under the Investment Advisers Act of 1940, as amended. Constellation program strategies include:

- Creation of investment strategy and selection of appropriate securities through filtering thousands of mutual funds and exchange traded funds among other types of securities;
- Building investment portfolios to optimize risk and return;
- Ongoing monitoring of the portfolio;
- Periodic rebalancing of your portfolio; and
- Quarterly performance reporting to help the client and the investment adviser representative in monitoring the portfolio.

You may be subject to fees charged by the mutual funds (i.e. 12b-1 fees) or variable insurance contracts (i.e. insurance charges or 12b-1 fee for the underlying fund expenses) included in the client's portfolio as set forth in the prospectus for each security. If the insurance contract is issued by an affiliate, this creates a conflict of interest which is addressed elsewhere in this brochure. As receipt of 12b-1 fees through this program creates a conflict of interest, such fees will be rebated back to clients. Additionally, if you are invested in certain products such as mutual funds and variable insurance contracts, you will pay two levels of management fees, the direct management fee to us and an indirect management fee or product expense through the investment product. The Client, by investing directly in mutual funds or variable insurance contracts, would not incur AIC's direct management fee.



Miscellaneous custodial charges for the Program (such as confirmation fees, reorganization fees, transfer fees, etc.) may be assessed by NFS, or directly by the mutual fund sponsors as described in the prospectuses. Certain other miscellaneous charges may also be imposed, including IRA and Qualified Retirement Plan Account Custodian, and/or termination fees.

The minimum account size in Constellation is generally \$25,000. Advisory fees are charged as a percentage of assets in the account. You can choose to pay a flat annual percentage fee or utilize the tiered fee schedule below. Any flat fee must fall within the range of maximums shown on the schedule below.

Assets Under Management	Standard Account Annual Maximum Fee
Up to \$250,000	2.00%
\$250,000 – \$500,000	1.75%
\$500,000 – \$1,000,000	1.50%
\$1,000,000 – \$3,000,000	1.25%
Above \$3,000,000	1.00%

## B. Third-Party Investment Management

### Managed Account Solutions (MAS) Third-Party Programs

AIC has retained Envestnet Asset Management, Inc. and its affiliates (“Envestnet”), an unaffiliated registered investment adviser, to provide, either directly or indirectly, various investment advisory and related technology and program services to AIC’s IARs and clients participating in the program. Fund Strategist Portfolios (FSPs), Multi-Manager Accounts (MMAs), Separately Managed Accounts (SMAs), and Unified Managed Accounts (UMAs) are all offered through MAS. If you choose to engage in this program, you should read a copy of AIC’s MAS Program Brochure and Envestnet’s Program Brochure. Both documents contain more detailed information on fees and services.

AIC, through your IAR, will examine your investment objectives, risk tolerance, and other factors in order to knowledgeably recommend a third-party investment management program to you. The decision to engage a recommended third-party management program is yours. AIC nor its IARs have the authority to make discretionary investment decisions for you in this program. Once you select a third-party investment management program, AIC and its IAR will utilize the financial information you provide to monitor your portfolio to ensure that it remains prudent based on your risk profile and financial situation.

Each MAS proposal provides clients with investment management consulting services in connection with the development of an investment proposal, selection of an investment manager or managers, and quarterly monitoring of performance results. We also provide access to electronic tools for use by IARs in analyzing your risk attributes and financial information. IARs can use the tools to assess your risk profile and investment objectives and to assist with determining a possible asset allocation and portfolio construction. Envestnet uses statistical tools and commercially available optimization software applications to develop its asset allocation strategies.

For certain accounts in this program, Envestnet may perform due diligence on third-party investment managers who provide investment management services to clients. Although such due diligence may be available for certain accounts, each IAR is solely responsible for determining whether it has sufficient information about an investment manager in order to select that manager to provide services to clients.

The “Client Fee” is the amount (on an annualized basis) paid quarterly by the clients. The Client Fee has a maximum cap. The Client Fee does not include any miscellaneous fees or charges by NFS for services not included under the Program. The fees you will pay for the MAS Program (“Client Fee”) include the following:

- **Program Fee:** The amount paid from the Client Fee by AIC to Envestnet for performance reporting, fee processing, and clearing firm fees.
- **Manager’s Fee:** The amount paid from the Client Fee by AIC to Envestnet for payment to sub-managers and third party providers.
- **AIC’s Fee:** The amount of the Client Fee retained by AIC for its services. This amount ranges from 0.01% to 0.05%, and depends on several factors, including account size, program selection, and sub-manager or third party provider selection.
- **AIC Adviser Fee:** The amount of the Client Fee payable by AIC to the IAR for investment advice to program clients. This amount ranges from 0% to 1.65%, and may depend on several factors, including account size, program selection, sub-manager or third party provider selection.

### Direct Advisory Third-Party Programs

AIC makes available investment advisory services, programs, and digital advice platforms of third-party investment managers in which AIC, through its IARs, provides non-discretionary recommendations of third-party investment management programs and related client relationship services. Through these programs, third-party investment managers provide ongoing discretionary investment management.

Your IAR will obtain and examine your investment objectives, risk tolerance, and other factors to assist your IAR and AIC in determining the initial and ongoing prudence of a recommended third-party manager. The information you provide could include a description of the investment objectives and guidelines for your account, including any investment restrictions you intend to apply to your account. Upon your selection of a third-party investment manager, AIC and its IAR may also assist you in selecting a model portfolio designed and managed by the recommended third-party investment manager. AIC and its IARs will monitor your portfolio to ensure that it remains prudent based on your risk profile and financial situation.

Third party advisory relationships offered through AIC may impose a minimum dollar value of assets for starting or maintaining an account. If you engage in any of these programs, you should read a copy of the program agreement and any relevant disclosure documents for detailed information about services, fees, and account minimums.

Among its third-party investment management offerings, AIC also offers affiliated third-party investment advisory programs through AIP. In the Gemini, Mercury, and Private Clients programs, AIP provides investment management on a discretionary basis, including review of each investment prior to purchase. The Private Clients program is closed to new clients.

**Direct Solicitor Third-Party Programs (Closed to New Clients)**

AIC works with a variety of third-party investment managers on a solicitor basis, whereby IARs may recommend that clients utilize services provided by such investment managers, and receive compensation for this recommendation and ongoing client relationship management services in the form of an ongoing referral fee. All solicitor agreements are in compliance with the Investment Advisers Act Rule 206(4)-3. Clients in solicitor programs will be given full written disclosures describing the potential conflict of interest, as well as the terms and fee arrangements between AIC and the third-party investment manager prior to or at the time of referral.

All new business with third-party investment managers is now conducted on a co-advisory basis. Solicitor programs are closed to new clients.

**C. Financial Planning and Wealth Management**

**Financial Planning and Wealth Management:**

AIC, through its IARs, provides a variety of financial planning and wealth management services to help you achieve your stated financial goals and objectives. Financial plans can be either comprehensive or narrowly tailored to address specific areas. The implementation of recommendations is not included as part of the financial planning process. Financial planning and wealth management services may address one or more of the following topics, among others:

- a) risk management,
- b) wealth accumulation,
- c) retirement planning,
- d) estate planning,
- e) investment planning, and
- f) education cost planning.

Financial planning and wealth management services are charged an hourly fee or a flat rate, and either on a one-time or ongoing basis, depending on your choice and individualized needs. Customized business and financial planning services may also be available on a negotiated basis or in accordance with a fixed fee schedule depending on the service involved from individual IARs. Financial planning fees are negotiable, but are generally limited to a maximum hourly fee of \$500, absent extenuating circumstances.

One-time financial planning and wealth management fees are typically collected as follows: 50% of the agreed upon fee is payable in advance of services, with the remaining 50% due upon delivery of the plan. In certain situations, your IAR may allow you to pay 100% of the agreed upon fee upon delivery of the plan. You also may elect to pay up to 100% of the fee prior to delivery of plan. If the financial planning and wealth management agreement is terminated within five (5) business days from the date of inception, all fees paid in advance will be refunded. If the agreement is terminated at any other time, any prepaid and unearned fees will be returned to you.

Payment for ongoing financial planning and wealth management services will be collected as follows: You can agree to receive an invoice and pay via check or credit card, or you can agree to identify an account from which to debit the fees. Regardless of the choice you make, options are available to pay on a monthly, quarterly, biannual, or annual basis.

**Portfolio Advisor (Closed to New Clients)**

Portfolio Advisor provides on-going analysis of your current investment portfolio for a flat or asset-based fee. It may also include the preparation of performance reports, consolidated statements, periodic consultation or other services at your request. We may also provide analysis of your portfolio that is custodied with an independent third party who is unaffiliated with us. The Portfolio Advisor program is closed to new clients.

Please note that you agree to monitor the asset value in the account. If the asset value drops such that the flat fee charged increases to a percentage that is unacceptable to you, you must contact your IAR to discuss options. Neither your IAR nor AIC will be responsible for monitoring for a decrease in value and corresponding increase in percentage of fee if the flat fee option is elected by you. Separate transaction charges will be assessed for general securities trades, as well as for the purchase or redemption of certain mutual fund shares, as set forth in the Custodial Agreement referred to in the Portfolio Advisor Agreement. Portfolio Advisor does not have a minimum account size. You may choose to pay a flat fee provided the fee falls within the below stated ranges based upon the value of the account.

Assets Value	Maximum Fee Schedule
First \$250,000	2.00%
Next \$250,000	1.75%
Next \$500,000	1.50%
Next \$1,500,000	1.25%
Next \$2,500,000	1.00%
Above \$5,000,000	Negotiable

## D. RETIREMENT PLANS

### Retirement Plan Advisory Services:

AIC and its IARs provide a variety of services for compensation to ERISA plan fiduciaries and plan participants. AIC and its IARs may provide investment education to ERISA plan fiduciaries and plan participants, or may act as a 3(21) investment advice fiduciary to provide ongoing non-discretionary investment advisory services, as well as non-fiduciary consulting services to plan sponsors. IARs providing services to retirement plan sponsors must enter into either a consulting and advisory services or non-fiduciary services agreement with the plan sponsor.

The scope of investment education provided to participants at the request of the plan sponsor will not constitute “investment advice” within the meaning of ERISA. Participant education will relate to general principles of investing and information about the investment options currently in the plan. The IAR may also participate in initial enrollment meetings, and periodic workshops and enrollment meetings for new participants as agreed upon between the IAR and plan sponsor.

Retirement plan advisory services are typically offered to plan sponsors of participant directed retirement plans, including 401(k) plans that a company establishes for its employees. The IAR will generally establish the plan sponsor’s needs and objectives through an initial meeting to collect data and review plan information and assist the sponsor in developing or updating the plan’s Investment Policy Statement.

Ongoing advisory services to the plan sponsor may include recommendations regarding the selection and review of unaffiliated mutual funds that, in the judgment of the IAR, are prudent for plan assets to be invested in. The IAR will periodically review the investment options selected by the plan sponsor and make recommendations to keep or replace plan investment options as appropriate. Plan sponsors are under no obligation to follow the recommendations of IAR.

IARs may provide general investment-related guidance, information, or investment education to a retirement plan fiduciary and to its participants without being considered a fiduciary. An IAR can provide investment advice to a plan while also providing investment education to plan participants. An IAR cannot provide investment advice to both a plan and a plan participant for separate compensation. If the IAR provides information to participants about rollovers, the IAR is not acting in a fiduciary capacity. AIC does not act as a recordkeeper for ERISA plans. AIC IARs are not authorized to have discretionary authority (i.e. act as a 3(38) Investment Management Fiduciary) over an ERISA retirement plan account.

### Advantage Advisory Program (AAP) (Closed to New Clients)

The Advantage Advisory Program provides you, a fiduciary of a participant directed 401(k) plan, or an individual retirement account, with investment advisory services for an asset based fee. AIC, either with its IAR or directly through an IAR or solicitor of a third-party investment adviser who introduces you to AIC (a “Solicitor”), will provide investment advice to you:

- (1) creating the line-up of investment options you offer to your plan participants from a universe of funds reviewed, monitored, and approved by AIC;
- (2) creating asset allocation models that your plan may offer to participants to educate them on how to allocate their plan contributions among your plan’s investment options; and
- (3) reviewing and recommending periodic changes to your plan’s investment options and asset allocation models.

In the course of developing an asset allocation you will be able to impose reasonable investment restrictions on the management of the account. AAP will recommend allocating the asset weighting among various market sectors or classifications, taking into consideration factors such as time horizon, liquidity needs, regulatory issues, as well as each client/participant’s special considerations.

AIC and its IARs acknowledge that they are fiduciaries of your plan under Section 3(21) of ERISA (as well as Section 4975 of the Internal Revenue Code for IRAs) as a result of our provision of advice to plan fiduciaries as described above. Solicitors, who will convey investment advice from AIC to plan fiduciaries, but who will not provide investment advice themselves, are not plan fiduciaries under AAP.

The type of plan, number of plan participants, and plan asset size are all factors considered when determining fees. Fees are negotiable under certain circumstances. There are no sales charges incurred when investing with AAP. AAP does not receive any brokerage commissions associated with the investment company securities transactions in advisory client accounts. If you engage in this program, you should read a copy of the AAP disclosure brochure for further details on services and fees.

## E. Fee Payment Methods and Frequency

Fees for AIC’s advisory services may vary from client to client based on the type and level of service provided and under certain circumstances may be waived. The minimum account size requirements may be waived for certain accounts. Fees for general financial planning services and specific advisory services are based on an hourly fee or by specific project. If you engage in any third party advisory relationships offered through AIC, you should read a copy of the program agreement and any relevant disclosure documents for detailed information about Fees.

Fees for AIC’s advisory services are generally billed quarterly in advance unless stated otherwise and are agreed to in your Investment Advisory Agreement. For the first billing period, payment of fees is based upon a pro-rated calculation. Fees are generally deducted from the client’s account, but may be paid by separate check. Fees for comparable services may be higher or lower if you obtain them from other sources. The fees charged will be incorporated into a written Investment Advisory Agreement signed by the client.

## F. Other Fees

For advisory fees based on one annualized fee, you may pay more or less in transaction costs than other advisory programs. Factors that may influence the costs of any advisory program include the number and timing of transactions, finder’s fees, portfolio management aspects, custody charges, program administration, administrative charges, electronic fund and wire transfer fees, research costs, and promotional material costs. These and other factors may affect the cost of obtaining these services separately. In addition, these fees do not include applicable underlying fund expenses, which the client bears as a shareholder of any funds.

### **Your Prior Securities Purchases**

Previously purchased Class A and Class B mutual funds, where you might have paid a commission to AIC or be subject to contingent deferred sales charges, may later be deposited into your advisory account. Class A and Class B mutual funds that were purchased through AIC for a commission which are inside of a 2 year “burn-off” period will be excluded from the advisory fee. It is recommended that you verify the accuracy of your advisory fee billings when you receive your account statements. “Burn-off” is defined as a period of time where no advisory fees are charged on specific holdings.

Other securities transferred into your program account, purchased at AIC, or at another broker/dealer, are subject to the investment advisory fee agreed upon in your advisory agreement. If you purchase securities other than Class A or Class B mutual funds from AIC, and then transfer those securities into an advisory account, you may be paying both an advisory fee and a commission to AIC and your IAR, and this could create a conflict of interest. Class C shares can be held in advisory accounts, but such assets will be excluded from the advisory fee. AIC maintains policies and procedures requiring that your IAR always act in your best interest, and maintains a supervisory structure to monitor the advisory activities of your IAR in order to reduce potential conflicts of interest.

### **G. Advance Payment of Fees and Fee Refunds**

You may terminate an Investment Advisory Agreement without penalty within (5) business days after entering into the Agreement. Fees for advisory services generally are charged up front. If you terminate your agreement, any unearned advisory fees will be returned to you. If you engage in any third party advisory relationships offered through AIC, you should read a copy of the program agreement and any relevant disclosure documents for detailed information about Fees.

### **H. Compensation for the Sale of Securities or Other Investment Products**

AIC may recommend to clients the purchase of variable insurance contracts sponsored by Ameritas Life for which AIC is the distributor and underwriter. These variable insurance contracts are funded by separate accounts of Ameritas Life, certain of which in turn invest in shares of Calvert Variable Products, Inc. Funds (“Calvert VP Funds”) or Calvert Variable Series, Inc. Funds (“Calvert Funds”). AIC is an affiliate of Ameritas Life and AIP, and a former affiliate of Calvert Funds, Calvert VP Funds, and Calvert Investment Management, Inc. (CIM), the former investment adviser that managed Calvert VP Funds and Calvert Funds. AIP is the sub-adviser for certain Calvert VP Funds and Calvert Funds, and manages the general account assets of Ameritas Life and Ameritas Life of NY, which includes the Fixed Accounts available through certain insurance contracts of the insurance company affiliates.

When such recommendations are made to a client, AIC’s IARs will fully disclose these relationships to the client. A written disclosure statement, detailing the potential conflict of interest, will be contained in the advisory contract signed by the client. AIC emphasizes the unrestricted right of the client to select and choose any broker or dealer and/or insurance company he or she wishes.

Advice offered to any advisory client is generally provided in the form of recommendations that a client may or may not choose to implement. In certain programs, you may grant discretionary authority to your IAR, AIC or a third party. In these instances, your ability to choose whether or not our recommendations are implemented may be limited. If a client chooses to implement its securities transactions through AIC, there is a potential conflict of interest for AIC and its associates due to the fact that they might receive commissions, distribution fees, or both, if they execute the transactions.

As a result of its services as principal underwriter of variable insurance products issued by its affiliated insurance companies, for which underwriting services AIC is compensated pursuant to contracts with the insurance company issuers, AIC may act in multiple capacities with respect to its investment advisory clients. For example, an IAR may, in the context of financial planning services or educational seminars, recommend the purchase of variable insurance policies issued by Ameritas Life, or financial products available through affiliates of AIC. Such purchases would, if approved by the clients, be effected through AIC and AIC and/or an AIC Registered Representative may receive compensation and/or commissions as a result of the sale of the insurance or other financial products recommended. Under these or similar circumstances, AIC clients would be advised that AIC and/or its affiliates are acting in dual capacities in connection with such recommendation.

Each investment company in which your funds are invested may charge fees for investment advisory services and for other expenses. These expenses are in addition to the fees charged by AIC. Complete information regarding these charges and expenses is disclosed in the investment company prospectus. If the fund also imposes a sales charge, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without the services of AIC. In that case, the client would not receive the services provided by AIC which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client’s financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by AIC to fully understand the total amount of fees to be paid by the client and thereby evaluate the advisory services being provided.

IARs who provide financial planning services may also receive commissions from AIC or its affiliates in connection with the sale of recommended financial products. Receiving such commissions may create a potential conflict of interest for the IAR and AIC. Accordingly, AIC monitors and supervises these activities. Financial planning clients are under no obligation to exercise related transactions through AIC.

### **Qualified Accounts**

If an advisory account is subject to the provisions of ERISA or certain tax deferred treatment under the Internal Revenue Code (such as individual retirement accounts, 457 plans and 403(b) plans), (collectively, “Qualified Accounts”), AIC and our IARs who act as a fiduciary by providing investment advice for such Qualified Accounts are generally prohibited from receiving both an advisory fee and any transaction based compensation, unless in compliance with applicable prohibited transaction exemptions under ERISA or the IRC or authorized by the U.S. Department of Labor.

You represent that the Qualified Account and any instructions given by you regarding the Qualified Account are consistent with applicable Plan documents, including any investment policies, guidelines, or restrictions. You will provide AIC with a copy of all relevant documents and agree

that the advisory program you have selected is consistent with those documents. You will notify AIC, promptly in writing, of any changes to any of the Plan's investment policies, guidelines, or restrictions, or other Plan documents pertaining to investments by the Plan. If the assets in the Qualified Account constitute only a part of your Plan assets, you shall provide AIC with documentation of any of the Plan's investment guidelines or policies that affect the Qualified Account. The compliance of any recommendation or investment your IAR makes for the Qualified Account with any such investment guidelines, policies, or restrictions shall be determined on the date of the recommendation or purchase only. No investment guidelines, policies, restrictions, or other instructions shall be deemed breached as a result of changes in value or status of an investment occurring after purchase. You have the responsibility to give AIC prompt written notice if any investments made for the Qualified Account are inconsistent with such guidelines, policies, restrictions, or instructions.

You understand that the services AIC performs shall have no effect on the assets of the Plan that are not in the Qualified Account, and that AIC shall have no responsibility for such other assets. AIC is not responsible for Plan administration or for performing any other duties that are not expressly set forth in the advisory Agreement. You shall obtain and maintain at your own expense any insurance or bonds you deem necessary to cover yourself and any of your affiliates, officers, directors, employees, and agents in connection with the advisory agreement.

## I. Performance Based Fees and Side-by-Side Management

AIC does not generally charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). On a very limited basis, AIC may receive performance-based fees for its investment advisory services, but these services are limited to specific clients and are negotiable. The performance-based fee is based on the excess return of the net assets under management against a fixed hurdle rate. The fixed hurdle rate may be modified by AIC due to changes in average market conditions over time; however, the client will receive written notice of any change prior to any modification, and have the option to elect opting out of the program.

Performance-based fees create certain inherent potential conflicts of interest with respect to AIC's management of assets. Specifically, our entitlement to a performance-based fee in managing one or more accounts may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such arrangements. To minimize this conflict of interest, AIC's performance fee is earned only when the account performance is positive, and account performance exceeds the agreed upon hurdle rate. In addition, AIC's performance-based fee includes a base-advisory fee calculated on assets under management, so that AIC's incentive to grow capital is appropriately balanced with an incentive to preserve capital. Finally, since performance-based fees reward us for strong performance in accounts which are subject to such fees, we may have an incentive to favor these accounts over accounts that have only asset-based fees (i.e., fees based simply on the amount of assets under management in an account) with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities. This potential conflict has been mitigated by requiring all advisors to utilize suitability and trade aggregation tools available to them on the AIC clearing platform or via the AIC trade desk.

## Types of Clients

Clients may be individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or other business entities.

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

In addition to traditional research sources, IARs may use a variety of asset allocation models in formulating recommendations for AIC clients. AIC IARs use a variety of third party programs that make asset allocation models available for client use. These asset allocation strategies and methodologies may be derived from proprietary AIC research or research provided to AIC by one or more of its affiliated companies or material provided to IARs by other sources. The IAR chooses his or her own research methods, investment style and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

When developing recommendations for you, IARs compare your financial goals with your investment risk tolerance and the risk and potential of a specific product. AIC provides strategies to your IAR to use as a resource when designing your individual investment strategy. IARs have wide latitude in designing investment strategies: IARs may follow strategies provided by AIC, in part or in their entirety, in providing investment advice; implement an investment model from other sources; or choose to incorporate a customized portfolio.

AIC risk tolerance levels for various investment strategies include:

- An aggressive growth model portfolio designed for investors who are seeking capital appreciation over a long-term investment horizon with a very strong tolerance for risk.
- A growth model portfolio designed for investors who are seeking capital appreciation over a long-term investment horizon with a strong tolerance for risk.
- A moderate growth model portfolio designed for investors who are seeking capital appreciation potential over a long-term investment horizon with an above average tolerance for risk.
- A moderate model portfolio designed for investors who are seeking stability of capital and moderate growth potential with an average tolerance for risk.
- A conservative growth model portfolio designed for investors who are seeking stability of capital and nominal growth potential with a low tolerance for risk.
- A conservative model portfolio designed for investors who are seeking current income while providing nominal capital appreciation potential with a low tolerance for risk.
- A capital preservation portfolio designed for investors who are seeking current income while providing minimal capital appreciation potential with a low tolerance for risk.



IARs may utilize models based on the following methods of investments:

- **Fundamental Analysis:** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Technical Analysis:** involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Cyclical Analysis:** a type of technical analysis that involves evaluating recurring price patterns and trends. The risk of market timing based on technical analysis is that charts 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 market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

### Risk Factors:

All investment programs carry the risk of loss that clients should be prepared to bear. There is no guarantee that any investment strategy will meet its objective. Our investment approach constantly considers the risk of loss. Depending on the types of securities you invest in, you may face the following investment risks:

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** If any type of inflation is present, a dollar today will not buy as much as a dollar at the same subsequent time, because by definition purchasing power is eroded at the rate of inflation. Inflation tends to erode returns on investments, as well.

**Portfolio Turnover Risk:** Active and frequent trading of securities and financial instruments in a portfolio can result in increased transaction costs, including potentially substantial brokerage commissions, fees, and other transaction costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result of portfolio turnover, the performance of a portfolio can be adversely impacted.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (e.g. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it (a lengthy process) before they can generate a profit. They have a greater uncertainty of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk:** Excessive borrowing to finance a business's operations increases the uncertainty of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Liquidity Risk:** When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, we may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict our ability to dispose of such investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities, and result in delays in liquidity risk.

**Fixed Income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

**High Yield Fixed Income Securities Risk:** Investments in high-yielding, non-investment grade bonds (often referred to as "Junk Bonds") involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities.

**Foreign, Emerging Markets Risk:** Investments in these types of securities have considerable risks. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

**Structured Products Risk:** These products are often complex and involve a significant amount of risk, and should only be offered to Clients who have carefully read and considered the product's offering documents, as they are often times based on derivatives. Structured products are intended to be "buy and hold" investments and are not liquid instruments.

**Derivatives (Options) Risk:** Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.

**Small/Mid Cap Risk:** Stocks of small or mid-sized companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market

**Non-Diversification Risk:** Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

**American Depository Receipts (ADRs):** Positions in those securities are not necessarily denominated in the same currency as the common stocks into which they may be converted. ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets. An account may invest in sponsored or unsponsored ADRs. In the case of an unsponsored ADR, a Fund is likely to bear its proportionate share of the expenses of the depository and it may have greater difficulty in receiving shareholder communications than it would have with a sponsored ADR.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. You are encouraged to consult your financial advisor, legal counsel and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## Disciplinary Information

AIC currently has the following material legal or disciplinary events to disclose. Materiality is subject to AIC's discretion, and/or as defined by the SEC for purposes of this disclosure document. The following items are presumed to be material by the SEC for purposes of this Item. If there are additional legal or disciplinary events that are material to your evaluation of AIC's advisory business or the integrity of the management of AIC's advisory business, AIC will disclose all material facts regarding those events.

AIC is a federally registered investment adviser and broker dealer. All of the events disclosed below derive from its operations as a broker dealer or through our affiliate Ameritas Life Insurance Corp. AIC, as of the filing of this document, supervises approximately 1300 registered representatives of which 680 are also investment adviser representatives

The following items are being disclosed by AIC:

1. On October 6, 2017, Ameritas Investment Corp., without admitting or denying the findings, executed an Acceptance, Waiver and Consent (AWC) which FINRA accepted on November 8, 2017. The AWC recited that FINRA found that AIC failed to establish, maintain and enforce policies or provide sufficient guidance to registered representatives and principals on the sale of multi-share class VA's, particularly the combination of L-share contracts with long-term income riders. Further, FINRA alleged that AIC failed to reasonably supervise equity securities commissions charged by representatives that were at a four percent rate to determine whether such commissions were reasonable and fair given considerations outlined in Rule 2121. Without admitting or denying the FINRA allegations, AIC agreed to a censure and to pay a fine to FINRA of \$180,000.
2. Further, during a recent internal review, AIC noted that some clients were inadvertently charged a ticket fee within their advisory accounts. In response, AIC has put in place controls to help prevent overcharging transaction fees, and is reimbursing customers who paid in excess of AIC's stated transaction fees.
3. In January of 2017, the Financial Industry Regulatory Authority censured and fined AIC \$145,000 for allegedly failing to supervise recommendations to liquidate a security in order to purchase equity indexed annuities, and to record the resulting transactions over a period of more than two years. The findings stated that AIC, without adequate supervision, mistakenly treated those recommendations and transactions as outside business activities. In mid-2016, AIC resumed supervising and recording the sales of equity indexed annuities.
4. In October of 2016, the Financial Industry Regulatory Authority censured and fined AIC \$50,000 for allegedly failing to maintain a sufficient supervisory system to monitor requests from representatives to change customer addresses of record and to disburse funds to a customer's new address. In November 2008, one of AIC's representatives asked the firm to change a customer's address of record to the representative's business address. Simultaneously, the representative asked that the firm disburse funds from the client's account to the new address of record. In accordance with securities laws and regulations, AIC notified the client of the address change by mailing a letter to the client's old address of record. The representative misappropriated the client's funds through disbursements. The client did not authorize either the address change or the disbursement of funds. AIC detected the improper activity in June 2014, at which time AIC immediately terminated the representative, reimbursed the customer's losses in full, and modified policies governing customer address changes, prior to entering into a settlement with FINRA.
5. In October of 2015, the Financial Industry Regulatory Authority censured and fined AIC \$150,000 for allegedly failing to apply sales charge discounts to certain customers' eligible purchases of Unit Investment Trusts ("UITs") in violation of FINRA Rule 2010, and for allegedly failing to establish, maintain, and enforce a supervisory system and written supervisory procedures designed to ensure customers received sales charge discounts on eligible UIT purchases in violation of NASD Conduct Rule 3010 and FINRA Rule 2010. Prior to entering into a settlement with FINRA, AIC voluntarily paid restitution to all affected clients in the aggregate amount of \$128,544.
6. In September of 2015, the Securities and Exchange Commission announced that AIC agreed to a settlement of allegations pursuant to the Commission's Municipal Continuing Disclosure Cooperation ("MCDC") Initiative that, in connection with AIC's underwriting of certain municipal securities offerings, it willfully violated Section 17(a)(2) of the Securities Act of 1933. AIC agreed and consented to: (A) cease and desist from committing or causing any violations of Section 17(a)(2) of the Securities Act, (B) pay a civil money penalty in the amount of \$200,000, and (C) comply with certain undertakings. The MCDC was a voluntary initiative in which the SEC encouraged municipal issuers and underwriters to self-report violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 of the Securities Exchange Act of 1934.

7. In March of 2015, the State of New Jersey found an Ameritas Life agent to have sold, solicited, and/or negotiated Ameritas insurance products in an unfair, deceptive, misleading, and/or fraudulent manner, and that Ameritas Life Insurance Corp. assisted and/or facilitated those acts. As a result of the finding, Ameritas Life Insurance Corp. has stated that they shall offer penalty-free rescissions and full refunds of all payments and premium including any withdrawal charges and other payments or fees paid on all policies and contracts identified in the order.
8. In April of 2014, the State of Iowa Insurance Division fined AIC \$10,000 for allegedly selling unsuitable non-exchange traded limited partnership investments, and failure to reasonably supervise the activities of the registered representative selling that product.
9. In December of 2010, the State of South Dakota, Department of Revenue and Regulation, Division of Securities fined AIC \$10,000 for allegedly employing home office suitability principals at certain times between May 2007 - November 2008 who were not registered in South Dakota.
10. In March of 2010, the State of South Dakota, Department of Revenue and Regulation fined AIC \$5,000 for failure to deliver securities in the form of a variable life insurance policy to a client on a timely basis and failure to supervise the representatives responsible for the delivery of said policy.
11. In March of 2009, the Financial Industry Regulatory Authority censured and fined AIC \$100,000 for allegedly using communications with the public, through a registered representative, in the form of written financial plans that failed to provide a sound basis for evaluating the products being recommended, contained misleading statements and omitted material information, including risks. AIC allegedly failed to take sufficient action to ensure the registered representative was not using the plans until the plans were approved by a registered principal at the firm prior to use with customers, and failed to file the communications with FINRA. In addition, AIC allegedly failed reasonably to supervise the activities of the registered representative. The registered representative allegedly provided financial plans to the public that contained misleading statements and omitted material information including risks. The representative also allegedly sold products to customers that were unsuitable based on their financial situation and needs, and without AIC's knowledge recommended that customers use mortgage proceeds to fund securities transactions.
12. In August of 2008, the State of Nebraska, Department of Banking and Finance fined AIC \$10,000, as well as the cost of the investigation (\$1,000) for failure to disclose in Section 13 of Form U4, certain representatives affiliation with Central Financial Services, and for failure to place certain required disclosures on a single newspaper advertisement following proper submission and review.

## Other Financial Industry Activities and Affiliations

AIC is both a registered broker/dealer and an Investment Adviser with the Securities Exchange Commission. AIC is also a licensed insurance agency with various states. Many of AIC's management persons are registered representatives. IARs are also registered representatives of AIC and may be individually licensed as insurance agents.

AIC is part of the Ameritas Mutual Holding Company family of companies (Ameritas or Ameritas Companies). The Ameritas Holding Company (AHC) has direct 100% ownership of both AIP and the Ameritas Life Insurance Corp. (ALIC or Ameritas Life); Ameritas Life has direct 100% ownership of Ameritas Life Insurance Corp. of New York (Ameritas Life of NY) and AIC. Other affiliated companies include: Griffin Realty LLC.

AIC serves as the principal underwriter of variable insurance products issued by Ameritas Life and Ameritas Life of NY. AIC and Ameritas Life of NY are both direct, wholly owned subsidiaries of Ameritas Life. A significant percentage of time of AIC's executive personnel is spent on activities other than fee-based investment supervisory asset management services, such as those described above. In addition, IARs may serve as representatives of Ameritas Life or their affiliates in the sale of traditional and variable insurance products. Neither AIC nor AIC's management persons are currently registered as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Ameritas Life honors the right to examine statutes with regard to the termination of variable insurance products purchased in an advisory account. There is a 10 day right to examine the contract. If the owner is dissatisfied with the contract for any reason, it may be returned to Ameritas Life within 10 days from the date it is delivered. You will receive a full refund of your policy value. However, where required by certain states, or if your contract was issued to an individual retirement account, you will receive either the premium paid or your contract value, whichever amount is greater.

We may recommend to clients the purchase of variable insurance contracts issued by Ameritas Life and for which we are the distributor and underwriter. These variable insurance contracts are funded by separate accounts of Ameritas Life, certain of which in turn invest in shares of Calvert Variable Products, Inc. Funds ("Calvert VP Funds") or Calvert Variable Series, Inc. Funds ("Calvert Funds"). AIC is an affiliate of Ameritas Life and AIP, and a former affiliate of Calvert Funds, Calvert VP Funds, and Calvert Investment Management, Inc. ("CIM"), the former investment adviser that managed Calvert VP Funds and Calvert Funds. AIP is currently the sub-adviser for certain Calvert VP Funds and Calvert Funds, and manages the general assets of Ameritas Life and Ameritas Life of NY, which include the Fixed Accounts available for investment through certain insurance contracts of the insurance company affiliates.

AIP, a federally registered investment adviser, invests in short term securities it recommends to its investment company clients. AIP manages portfolios for various institutional clients and has discretionary authority to make investment decisions within the guidelines of various investment objectives and guidelines specified by each client.

AIC and AIP may be subject to competing interests that have the potential to influence their decision making with regard to the Models used in the AAP. AIP is compensated by AIC for its fund-specific model recommendations, and its ongoing oversight of the available investment options. AIC may receive fees for administrative services from other portfolios in the Models. This additional compensation and related responsibilities may create conflicts of interest as AIC determines which securities should be in the models.



All officers and other related persons are required to ensure that AIC receives duplicate confirmations on all securities transactions (involving stocks and bonds) by the related person. The Compliance Officer, or his/her designee, will be responsible for review of duplicate confirmations and exception reports.

AIP, a federally registered investment adviser, is the adviser to the affiliated insurance company within the Ameritas Mutual Holding Company, for general account investments.

We provide brokerage services and AIP provides investment advisory services to those AIC clients who establish Private Clients and related program accounts (Private Clients). These related accounts may include those in the Gemini and Mercury Programs. AIP shares with us the fees generated by each AIP Private Clients account sold or processed through our clearing relationships.

We maintain agreements with AIP. In the Constellation program, AIP provides certain advisory services to us. In the Gemini and Mercury programs, AIP provides, on a discretionary basis, professional asset management services.

We have multiple channels of distribution. Independent producers seeking to affiliate with a broker dealer may become registered with us, if properly qualified. Most of our Registered Representatives and IARs are licensed/appointed as life insurance agents of Ameritas Life, and Ameritas Life of NY. If acting as an insurance agent, an AIC associate is authorized to sell only those insurance products issued, distributed, or otherwise authorized by the respective insurance company. Our IARs may recommend that a client purchase certain insurance products. Our associates may receive commissions for the sale of insurance products. Commissions for the sale of insurance products would be in addition to any compensation that our associates receive in providing investment advisory services, and may be an incentive for the associate to recommend these products. If our associates are acting as independent insurance agents, they are not precluded from offering a life insurance product from an unaffiliated life insurance company.

We retain net profits that result from the correction of trade errors in program accounts. All losses incurred by clients, due to error, will be removed from either the representative's commissions or the house, depending on the cause of error.

AIC, from time to time, participates as a member of a selling group in connection with the offering of municipal or other securities. AIC clients may be advised to purchase securities in an underwriting in which AIC is a selling group member. Under these or similar circumstances, AIC clients will be advised that AIC and/or its affiliates are acting in dual capacities in connection with such recommendation. In addition, in the context of AIP Private Clients and related program accounts, the consent of the client will be obtained before any recommendation is implemented on the client's behalf.

AIC and/or its affiliated companies may, from time to time, participate as an investor in partnerships that invest in mortgage-related securities. AIC clients may be advised to purchase interests in such partnerships.

We do not normally act as a dealer in connection with securities that we recommend to our clients other than in the context of underwritings, as described above. AIC may act as principal in securities transactions with advisory clients for the purpose of making such securities available to AIC advisory clients; subsequent sales to AIC clients will be effected only with the clients' prior written consent and in accordance with all applicable regulations, including mark-up limitations with respect to "riskless principal" transactions. AIC has adopted procedures that permit AIC to act as principal in other securities transactions with its advisory clients, provided that the consent of the client is obtained in advance of the transaction. In addition, IARs may purchase or own variable insurance products issued by Ameritas Life or Ameritas Life of NY that are also recommended to AIC clients, or securities products underwritten by AIC. AIC may act as a broker in an agency cross transaction for an advisory Client.

As part of a financial planning arrangement, AIC may also offer advice regarding interests in partnerships including those investing in equipment leasing, real estate, oil and gas, structured products and cable television. AIC IARs will not normally collect an ongoing fee on these investments, although exceptions may be made.

We may also advise our clients with respect to interests in partnerships that invest in mortgage-related securities as well as other investments, as noted. AIC or its affiliates may participate as investors in partnerships that are designed for institutions. As noted above, AIC participates in a variety of proprietary and third party asset management programs. The mutual funds and other investment vehicles in these accounts may be authorized to invest in securities of foreign issuers, futures contracts, options on futures contracts, and other securities to the extent disclosed in the prospectuses relating to each such vehicle.

From time to time, AIC or its supervised persons donates to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, such donations are made in response to requests from clients, or their personnel. Because such contributions may result in the recommendation of AIC or its services, such contributions may raise a potential conflict of interest. As a result, AIC maintains procedures that generally limit the dollar amount and frequency of charitable contributions and requires that all contributions are made directly to the charitable organization (normally a 501(c)(3) organization). No contribution will be made if the contribution implies that continued or future business with AIC, or its supervised persons, depends on making such contribution.

AIC will disclose all material conflicts of interest so that existing and prospective clients may evaluate their impact on any relationship. The conflicts identified are addressed by AIC through the development, implementation, and monitoring of our Compliance Program. As part of that Program, AIC has procedures in place to identify and monitor such conflicts. More specifically, AIC has supervisory procedures in place to monitor the suitability of client transactions, adherence to client investment objectives, transactions with affiliates, etc. In addition, AIC may perform a random account review of proprietary accounts, at its discretion, to verify that the transactions effected for client accounts are consistent with the established investment objectives of the client.

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

### A. Code of Ethics Summary

AIC has adopted a Code of Ethics to: address its fiduciary relationship and its investment advisory supervised persons' fiduciary relationships with their clients; specify or prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or appearance of), and establish reporting requirements and enforcement procedures under federal, state and all other applicable securities laws.

In recognition of the trust and confidence placed in AIC by its clients and to stress AIC's belief that its operations are directed to the benefit of its clients, AIC has developed and adopted the following general principles to guide its employees, officers, and directors deemed to be Supervised Persons of AIC's RIA ("RIA Supervised Persons") under the Code of Ethics. AIC defines AIC, the Investment Advisor to be the entity that supports and drives the sale of investment advisory products and services. This includes all investment advisory supervised persons which are defined as key officers, home office associates, all IARs and all associates of an IAR's office, including licensed and non-registered fingerprinted people.

1. The interests of the clients are paramount and all RIA Supervised Persons shall strive to conduct themselves in such a manner that the interests of the clients take precedence over all others, and to prevent access to non-public information about AIC's securities recommendations, and client securities holdings and transactions, except to those associates that need such information to perform their duties.
  - A. All personal securities transactions by RIA Supervised Persons must be accomplished in such a way as to avoid any conflict between the interest of AIC's clients and the interest of any Supervised Persons.
  - B. All RIA Supervised Persons shall strive to avoid actions or activities that allow personal benefit or profit from their position with regard to AIC's clients.
  - C. No RIA Supervised Persons shall, in connection with the purchase or sale of securities, directly or indirectly:
    - Employ any device, scheme or artifice to defraud;
    - Make any untrue statement of a material fact or omit to state a material fact;
    - Engage in any act, practice or course of business which would operate as a fraud or deceit; or
    - Engage in any manipulative practice.
2. Each RIA Supervised Person shall report to AIC's Chief Compliance Officer (CCO), or his/her designee, all transactions in securities in which the person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership.
3. Each RIA Supervised Person shall submit quarterly reports of personal securities transactions to AIC's CCO, or his/her designee, which shall be reviewed to determine whether a violation of the Code of Ethics may have occurred.
4. Each RIA Supervised Person shall submit appropriate holdings reports to AIC's CCO, or his/her designee, which shall be reviewed to determine whether a violation of the Code of Ethics may have occurred.
5. Each RIA Supervised Person shall report any violation of the Code of Ethics to the CCO, or his/her designee.
6. Each RIA Supervised Person shall submit written acknowledgment of receipt of the Code of Ethics and any amendments.
7. Responsibilities of RIA Supervised Persons under this Code of Ethics include those provisions outlined in the Section on Insider Trading in the Investment Advisor Manual.
8. Responsibilities of RIA Supervised Persons under this Code of Ethics include those provisions outlined in the Section on Gifts in the Investment Advisor Manual.
9. AIC Supervised Persons must comply with all federal and state securities laws.

If you want to obtain a complete copy of AIC's Code of Ethics, we will provide it upon request.

### B. Participation or Interest in Client Transactions and Personal Trading

Officers of AIC may, from time to time, make recommendations to our advisory clients relating to securities in which such officer has an interest. In addition, and as noted above, we are part of a family of companies engaged in the financial services and insurance industries. These companies, some of which may be regarded as "related persons" of ours, may have direct or indirect interests in securities about which we and/or our IARs may provide investment advice.

We, through our clearing relationships, have access to new issue offerings in fixed income securities, such as CDs and other products. If you accept a recommendation from us and your registered representative that a new issue fixed income product be purchased in your advisory program account, we will be paid the sales credit on the new issue offering in accordance with the terms of the prospectus. The payment of such a sales credit neither increases nor decreases the price that you pay for that new issue security. Because we retain this credit, and because we may share this sales credit with your registered representative who may also be your investment advisor representative, a conflict of interest exists, for two reasons. This is because we earn this sales credit and may charge you an advisory fee on the market value of these fixed income securities. On average, such sales credits are approximately 5% of the offering price that you paid for the securities, but some may be higher or lower. Please ensure that you read the prospectus before you invest.

We may buy or sell for our accounts, or individuals associated with us may buy or sell for their personal accounts, securities identical to those recommended to customers.

Because AIC or any related person(s) may have an interest or position in a certain security which may also be recommended to you, our client, and as these situations may present a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. A director, officer or employee of AIC shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No person of AIC shall prefer his or her own interest to that of the advisory client.
2. All clients are fully informed that employees of AIC may receive separate compensation when effecting transactions during the implementation process.
3. AIC emphasizes the unrestricted right of the client to decline to implement any advice rendered.
4. AIC emphasizes the unrestricted right of the client to select and choose any broker or dealer and/or insurance company he or she wishes.
5. AIC requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisers.

Any individual not in observance of the above may be subject to termination.

## Brokerage Practices

### A. Research and Other Soft Dollar Benefits

We do not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”).

### B. Brokerage for Client Referrals

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from such broker-dealer or third party.

### C. Directed Brokerage

AIC, through our IARs, will recommend itself as broker/dealer to you. If you choose to implement securities transactions through AIC, a potential conflict of interest exists due to the fact that AIC and its associates might receive commissions or other compensation. You are under no obligation to use AIC as the broker/dealer for certain asset management programs, however if you choose another broker/dealer you may pay more or less for implementation.

AIC has an obligation to obtain the best execution for client transactions. Best execution is defined as the most favorable and highest quality execution available, taking into account the broker’s services, research provided, commissions charged, volume discounts offered, execution capability, reliability, and responsiveness of the broker/dealer.

You do not generally have the option to direct securities brokerage transactions to other broker-dealers or other account custodians. If, however, you should request, and we approve, the use of a broker-dealer other than NFS for securities transaction execution, you should be aware that we will generally be unable to negotiate commissions or other fees and charges for your account. As a result of your directing trades to a broker-dealer, we would be unable to ensure that your trades receive “best execution”. As such, you may pay more in transaction charges than if you executed trades through NFS or another broker-dealer. Therefore, directed brokerage may cost you more money.

AIC clients who participate in wrap fee programs pay a single fee for both investment advisory and brokerage services. This fee may be more or less than fees paid for investment advisory services and brokerage services obtained separately, depending on the type and size of the account, the level of activity in the account over time, and the supplementary services, if any, that the client might require if services were obtained separately.

AIC or NFS transmit client orders for execution to various exchanges or market centers based on a number of factors, including size of order, trading characteristics of the security, favorable execution prices (including opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing, and reduced execution costs through price concessions from the market centers. Certain market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules or practices. While you may specify that an order be directed to a particular market center for execution, the order-routing policies, taking into consideration all of the factors listed above, are designed to result in favorable transaction processing for customers. Please note, orders placed through any automatic telephone trading services, electronic or on-line trading systems cannot specify a particular market center for execution.

### D. Aggregation of the Purchase or Sale of Securities

Client orders executed through the same broker dealer may be aggregated to achieve best execution. Generally, clients will receive the average share price of all orders executed to fill the aggregated order. Individual transaction fees and commissions will not be affected. The client will incur the same transaction fee or commission charge regardless if the order was aggregated or executed individually. Aggregation saves time and all accounts receive the same price. We may attempt to aggregate orders when it is determined it is prudent to place orders for the same security, at the same time, in one or more client accounts. Generally, we encourage our IARs to aggregate orders; however, some IARs have determined not to aggregate, due to system requirements. If your IAR chooses not to aggregate trades, some clients may pay more or less for securities purchased or sold at similar times.

## Review of Accounts

Generally, the IAR conducts an initial meeting with the client in which risk tolerance, investment objectives, and other client profile information is ascertained. The IAR meets with the client on an annual basis in order to review this information.

Written performance reports are delivered quarterly on our asset management programs which assist the client and IAR in reviewing all transactions and performance of the account. Each member of the Investment Advisory Home Office may be involved in either day to day or exception reviews of such reports. All of our asset management programs provide written client statements, at least quarterly. For assets custodied at NFS, trade confirmations are provided for each securities transaction placed in the account.

AIC's supervision department performs periodic account reviews to verify that transactions effected in client accounts are consistent with the established investment objectives of the client. The IAR may also periodically review client accounts. Triggering factors which could cause such reviews include, but are not limited to, changes in client objectives or circumstances, world events, market movements, interest rate changes or client requests. AIC's supervision department also reviews financial planning activity, fee collection and debiting of client accounts.

## Client Referrals and Other Compensation

While AIC and its IARs endeavor at all times to put your interest first as part of AIC's fiduciary duty, you should be aware that receipt of additional compensation itself creates a conflict of interest. AIC discloses all material conflicts of interest so that existing and prospective clients may evaluate their impact on any relationship.

From time to time, IARs may recommend or select other investment advisers for their clients. AIC and IARs are compensated for Client referrals. Receipt of such compensation creates a conflict of interest. All solicitors' agreements are in compliance with the Investment Advisers Act Rule 206(4)-3. In addition, all applicable federal and state laws will be observed. All Clients procured by solicitors will be given full written disclosures describing the potential conflict of interest, the terms and fee arrangements between the Adviser and solicitor prior to or at the time of referral. On a limited basis, AIC may enter into an agreement to compensate a solicitor for client referrals.

The compensation received by your IARs in connection with investment advisory programs sponsored by the affiliated advisor is noted above and is more fully described in the separate brochures relating to each program. These brochures are available upon request and will be supplied to you before a program account is established on your behalf.

AIC primarily acts as the principal underwriter for variable products offered by its affiliated insurance company Ameritas Life Insurance Corp. For qualified accounts, AIC and its IARs acting as fiduciaries will not receive both advisory fees and commissions or distribution fees unless in compliance with applicable prohibited transaction exemptions. AIC may also participate in new issues or underwritings (including offerings in which AIC is part of the "selling group") and offer such securities to clients when it is deemed to be in the client's best interest. You may withdraw your consent to this type of transaction at any time by notifying us in writing. AIC will receive a selling concession when taking a role in an underwriting. The selling concession is a separate payment made directly from the issuer to AIC and is not added or related to the maximum advisory fee schedule (Services, Fees and Compensation section above) paid by the client. The IAR, in his or her capacity as a registered representative, may receive a portion of this concession. Receipt of such compensation creates a conflict of interest.

When AIC acts as the principal underwriter and/or distributor of variable products, AIC and its IARs may receive a portion of the fees paid for such underwriting and/or distribution. If the insurance contract is issued by an affiliate, this creates a conflict of interest which is addressed elsewhere in this brochure. In this situation, 12b-1 distribution fees may also be paid. AIC also receives distribution and 12b-1 fees on mutual funds in your advisory accounts. Receipt of such compensation creates a conflict of interest; therefore, AIC has implemented a policy requiring that to the extent AIC receives 12b-1 fees in advisory accounts, such fees will be rebated back to clients.

Any cash awaiting investment or reinvestment in custodian accounts may be invested in a money market fund, pursuant to an automatic cash sweep program. The advisor to the funds, which receives a management fee for its services, may be an affiliated entity of the advisor, broker and/or custodian of the account, and may pay 12b-1 distribution fees. Receipt of such compensation creates a conflict of interest; therefore, AIC has implemented a policy requiring that to the extent AIC receives 12b-1 fees in advisory accounts, such fees will be rebated back to clients.

When you invest in NFS' list of no-load mutual funds, the advisor to the fund may provide compensation in connection with the sale of shares to the funds, to NFS, AIC's clearing firm, to the extent permitted by law. NFS shares this compensation with AIC, who may then pay those fees to your IAR. Receipt of such compensation creates a conflict of interest. Short-term redemption fees may also apply if a fund is held for less than three months.

IARs may receive production incentives as a result of reaching certain levels of sales and/or assets under management. Production levels and compensation to advisory representatives may vary. There is a potential conflict of interest for us and our associates in recommending certain affiliated programs.

IARs are eligible to receive incentive prizes, awards, and certain reimbursements for advertising, sales literature and promotions offered by product promoters such as mutual fund companies. Our policy is to permit all advisory representatives to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with the SEC, FINRA, or state rules, regulations or guidelines. Because an IAR may receive such incentives, a conflict of interest exists.

In AAP, AIC would enter into agreements with referring parties to obtain clients. AIC would have compensated, either directly or indirectly, any person (defined as a natural person or company) for client referrals. As such, appropriate disclosure would have been made prior to or at the time of entering into AAP investment advisory agreements, all written instruments would have been maintained by AIC as well as the referring parties, and all applicable Federal and/or State laws would have been observed. If a referred client entered into an investment advisory agreement with AIC, a cash referral fee was paid to the referring party, which was based upon a percentage of the client advisory fees that were generated. The referral agreements would not have resulted in any additional charges to clients who are referred to AIC.

Through AIC's Elite Partners Program, AIC receives revenue sharing and/or marketing allowances under special agreements with partner firms. Independent investment management firms are selected to participate based on several criteria, including investment strategy, investment performance, transaction reporting capabilities, and training and wholesaling support. In exchange for certain benefits, such as the opportunity to participate in AIC's national conferences and broader access to our IARs, the independent investment managers in the Elite Partners Program share with AIC a portion of the revenue generated by distributing their products and services and/or pay a specified annual dollar amount. AIC's Elite Partners pay an annual fee based on assets under management and/or a flat fee, not to exceed 10 basis points per partner. It is important to understand that AIC's IARs do not receive any compensation through the Elite Partners Program, and as such, do not have a financial incentive to select one investment management firm over another.

AIC's IARs are eligible to receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third party investment managers for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by AIC's IARs relating to the promotion or distribution of the investment manager's services. Because an IAR may receive such additional compensation, a conflict of interest exists.

## Custody

AIC does not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts within the programs described in the "Services, Fees and Compensation" section above. Program Custodians will furnish you with written statements of all account trading activity, asset allocation, and market value of the account for each month in which any activity with respect to your account occurs, or, otherwise, at least on a quarterly basis. Commencing with the first full calendar quarter that AIC provides advisory services, the IAR will provide the client with a custom written report evaluating the performance of the account.

## Investment Discretion

Where AIC acts with discretionary authority, such authority is limited to buying and selling securities or other investments and does not give AIC the authority to withdraw or transfer any money, securities, or property either in the name of Client or otherwise.

An IAR must receive written approval from the Firm prior to offering investment discretion services to you. If we approve an Advisor to offer investment discretion to clients, they must also obtain written authorization from you prior to exercising such discretionary authority over your account. When acting with discretion, your IAR has the authority to buy or sell securities without contacting you in advance. You may place reasonable restrictions on the management of your account including restrictions on the type of securities that can be purchased in your account. You may withdraw your authorization at any time by providing written notice to AIC or your IAR.

## Voting Client Securities

AIC does not vote proxies. In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies. We are available to answer questions regarding such notices.

## Financial Information

We will disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. At this time, we have no financial conditions that would impair our ability to meet contractual commitments to you.

## Requirements for State-Registered Advisers

AIC is a federally Registered Investment Advisor and is not registered or registering with one or more state securities authorities.

## Important Privacy Choices

### Important Notice of Privacy of Information Practices

This Privacy Notice is provided on behalf of the following Ameritas affiliated companies to individual life insurance, disability and annuity policyholders: Ameritas Life Insurance Corp. and Ameritas Life Insurance Corp. of New York.

### Our commitment to your privacy

We value your trust. That is why we are committed to protecting your personal information. This notice explains the way we use and protect your personal information. You do not need to take any action, but you do have certain rights that are described in this notice.

### Ameritas

In addition to those companies listed above, Ameritas consists of the following affiliated companies, all of which offer their own Notice of Privacy Practices:

- Ameritas Investment Corp.
- Ameritas Investment Partners, Inc.



## Information we collect

We collect information about you for the purpose of conducting routine business functions, such as:

- Underwriting your policies,
- Providing you with customer service and
- Paying your claims.

Following are examples of the types of customer information we may collect about you:

**Personal identification and contact information**, such as your:

- Name, address and telephone number,
- Date of birth,
- Marital status,
- Employment status and
- Social Security number.

**Financial information**, such as your:

- Assets,
- Income, and in some cases,
- Policy beneficiary information and
- Credit history.

**Health or medical information**, such as your medical history so we can underwrite your life and disability insurance products and process your claims.

## How we gather your personal information

Most of the information we collect about you comes directly from you. You give us personal information when you apply for our products and services. We also may receive information from:

- Your agent or broker who helps you initiate and service your account,
- Governmental agencies and
- Independent reporting agencies.

## How we use and share your personal information

### Your personal information *within* Ameritas

We may use and share your information among Ameritas affiliates so we can:

- Provide you with superior customer service,
- Design new products,
- Efficiently service your products,
- Make improvements to the products we offer you and
- Offer you other products and services that may benefit you.

We will only share your information within Ameritas as permitted by law. We do not share non-experience information (as defined by the Fair Credit Reporting Act) among Ameritas affiliates or with third parties.

### Your personal information *outside* Ameritas

We do not sell or share your information with outside marketers. However, we may share your information outside of Ameritas for the following reasons:

- **Service providers.** We may share information about you with service providers. Service providers are unrelated companies who perform business transactions for us. We require service providers to keep your information confidential. We prohibit them from using your information for their own purposes or re-disclosing it to anyone. Disclosures to service providers are part of our business operations. You may not opt out of these disclosures.
- **Required by law.** Sometimes the law requires us to share customer information, such as in response to a valid summons, court order, search warrant or subpoena. We must comply with the law and therefore you may not opt out of these disclosures.
- **Agents and brokers.** We may share your information with your agent or broker so he or she may provide you with efficient and superior service. Our agents and brokers understand the importance of your privacy and they are required by law to maintain your privacy and safeguard your information. We require our agents and brokers to follow our policies in order to keep your personal information private and secure. You may not opt out of these disclosures.

### Health or medical information

We will not release your medical or health information to anyone unless we are permitted or required by law to do so. When we are not permitted or required by law to disclose your health or medical information, we will not do so without your written authorization.

Examples:

- **Permitted by law.** The law permits us to exchange information with your health care provider in order to process your claims and facilitate payment.
- **Required by law.** The law requires us to disclose your information under a valid court order.

### Your rights

You have the right to receive a copy of this notice at least once each year while you are our customer. This notice is also available on our websites. You may request an additional copy by writing, e-mailing or calling the Privacy Office as indicated at the end of this notice.

You have the right to review the information we have about you. You must make this request in writing and include your full name, address and policy or account number. We may charge you a reasonable fee for the copies you request.

You have the right to request that we make corrections to the information we maintain about you if you believe our records are incorrect. All requests must be in writing.

### We safeguard your personal information

We maintain physical and electronic safeguards for the protection of your personal information. We restrict access of your information to our employees and agents who need it to perform their jobs. Our employees and agents understand the importance of these safeguards. We have trained them in the proper handling of your personal information.

### Former customers' personal information

The policies and practices described in this notice apply equally to current and former customers. When you are no longer a customer, we will maintain your information for the period of time required by law and then it is destroyed. As a former customer, however, you will not receive our annual Privacy Notice.

### Our privacy policies

This Privacy Notice summarizes the Official Privacy Policy of Ameritas identified on the first page of this notice, which became effective on January 1, 2006. We are required by law to send you our Privacy Notice at least once each year. This notice complies with all applicable laws and regulations. If your state's privacy law requires more restrictive practices than those described in this notice, we will apply the more restrictive practices to your information. We may make changes to our privacy policies from time to time. However, if we make a change that impacts the accuracy of the sharing practices that are explained in this notice, we will provide you with a revised Privacy Notice within 30 days.

You may contact us at:

**Ameritas Privacy Office**  
**P.O. Box 81889**  
**Lincoln, NE 68501-1889**  
**1-888-284-7844**  
**privacy@ameritas.com**

Ameritas® is a marketing name for the subsidiaries of Ameritas Mutual Holding Company, including, but not limited to, Ameritas Life Insurance Corp., Ameritas Life Insurance Corp. of New York and Ameritas Investment Corp., member FINRA/SIPC. Ameritas Life Insurance Corp. is not licensed in New York.

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