

Merrill Lynch Managed Account Service Brochure

investment activities in a brokerage account. The more assets there are in your Account, the more you will pay in fees, creating a financial incentive to recommend that you increase the assets in your Account. In the Program, we make more revenue based on the level of assets in the Account as well as the level of the MAS Fee rate that you agree to or are charged.

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

Merrill compensates your Financial Advisor on an ongoing basis based on the MAS Fee rate that is negotiated with and agreed to between you and your Financial Advisor for your Account and the associated production credit is based on that negotiated rate. When proposing a MAS Fee rate to you, the Financial Advisor typically will consider a number of factors, including the amount of your assets, the number and size of related accounts, the range and extent of services provided or to be provided to you, the breadth of your relationship with Merrill, the Strategy you selected, competitive considerations and the Financial Advisor’s own compensation considerations. In the Program, the Financial Advisor has a financial incentive to obtain the highest MAS Fee rate in the fee discussions with you and this incentive can influence the recommendations related to the Strategy for an Account (which will have its own separate Manager Fee rate that would apply to your Account). The higher the MAS Fee rate you agree to, the more the Financial Advisor earns in production credits. The more overall production credits that the Financial Advisor generates, the higher his or her incentive compensation. This creates a conflict of interest for the Financial Advisor to recommend a Strategy that could influence the level of the MAS Fee rate and thus associated production credits. Your Financial Advisor has the ability to agree to a fee that is lower than the maximum rate. Merrill has business and compensation policies that result in their receiving lower compensation if the agreed-upon MAS Fee rate is lower than certain established levels. Therefore, Financial Advisors also have a financial incentive not to reduce fees below those levels. You may accept or decline any proposed rate by your Financial Advisor as part of the negotiation process.

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

Financial Advisors may have received recruiting and retention payments and have certain ongoing responsibilities relating to such payments. These payments may take various forms, including salary guarantees, upfront bonuses or loans and various forms of compensation contingent on continued

employment. The amount paid to a Financial Advisor under these arrangements generally is based to a large extent on the size of the business at a prior firm. In addition, as part of the recruiting arrangements, a Financial Advisor is eligible for future bonus payments based on assets that transfer, including from their prior firm, which creates a conflict of interest since the Financial Advisor has an incentive to recommend that you transfer your account to us. The future bonus payments are conditioned on the total assets in accounts serviced at Merrill. These bonuses are in addition to the incentive compensation to which a Financial Advisor is otherwise entitled as a financial advisor.

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

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

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

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

In the Program, you will pay the MAS Fee at the rate you agree with your Financial Advisor. In a brokerage account, you will pay per trade Sales Charges to purchase and sell securities and a portion of those charges and fees will be paid to your Advisor. In a brokerage account, the amount of revenues we receive and the compensation that our Advisor receives depends on the level of trading activity in the Account, the applicable Sales Charges and the associated production credits as well as other indirect compensation. You could pay higher fees in a brokerage account than from one enrolled in the Program depending on the Sales Charges, frequency of trading and the investment products for investment and other factors. By contrast,

if the trading activity in your brokerage account is limited, your Advisor has a financial incentive or conflict of interest to recommend that you enroll in the Program because we and your Advisor could earn greater compensation from the annual asset-based fee.

Certain investment strategies are available to you outside of the Program for more or less than you would pay in the Program. When you compare the account types and investment advisory programs and their relative costs with what is available in the Program, you should consider the various factors outlined in the section “Ability to Obtain the MAS Services Separately.” Certain of these factors relate to your preferences regarding the relationship, whether you are seeking ongoing monitoring services provided for in the Program, how you want to pay for investment services, the MAS Fee rate you agree to with your Financial Advisor and the types of investment solutions you are interested in investing in. We offer other investment advisory programs that offer certain of the Strategies that are the same as or similar to those available in the Program. There are important differences between this Program and our other available investment advisory programs in terms of the services, structure and the applicable fees. You may obtain these Strategies for a lower cost than you pay in the Program but you will receive different services from the Services you receive through the Program.

Use of Related Managers. The MAS program offers the ability to choose an Investment Manager that is a Related Manager. The selection of a Related Manager results in increased compensation to us or our Affiliate because we and/or the Merrill Affiliate retain both the MAS Fee and the Investment Manager Fee (other than with respect to Retirement Accounts). If the Strategy of a Related Manager is selected, we and/or the Merrill Affiliate retain both the MAS Fee and the Investment Manager Fee (other than with respect to Retirement Accounts). For this reason, a conflict of interest exists when your Financial Advisor assists you in the selection of a Strategy of a Related Manager.

Our Affiliates such as BANA, offer their own managed products or wrap programs that are similar to this or other Merrill programs. Advice and/or recommendations provided to accounts in those programs, including advice related to the recommendation of certain Investment Managers, will be different from, or even conflict with, the advice and recommendations provided in connection with the Program or to other Affiliates. This is due to, among other things, the differing nature of the Affiliate’s investment advisory service and differing processes and criteria upon which determinations are made. For example, we may recommend a specific Investment Manager for inclusion in a BANA program, but not a Merrill program. Conflicts of interest related to the inclusion of Related Managers in MAS are further discussed under the section “Funds and Related Investing.”

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

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

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

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

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

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

Third-Party Firm Business Relationships and Support. While we do not recommend or select Investment Managers participating in MAS, we and our Affiliates have business relationships with Third-Party Firms. We make available research, execution, custodial, pricing and other services in the ordinary course of business. Third-Party Firms can direct transactions to us or our Affiliates including effecting transactions in the ordinary course of business for funds and product vehicles managed or sponsored by them. We also make available brokerage services and other Merrill or Affiliate programs and services, including banking and lending services. Any compensation paid to us or our Affiliates by a Third-Party Firm is additional compensation to us for services we and our Affiliates provide.

From time to time, Merrill enters into distribution agreements with asset managers pursuant to which Merrill distributes certain products and services sponsored or advised by the asset manager. Due to these relationships, the management and employees of these entities have a broader level of access and exposure to Merrill, our management, Financial Advisors and other personnel. In addition, they have the opportunity for increased exposure at, marketing events or in Financial Advisor and client materials. Such access and exposure is not available to other asset managers and enhances the ability of our Affiliates to distribute their funds and other investment products through us. Each of the Related Funds pays investment management fees to its investment adviser and, like Unrelated Funds, incurs other expenses. That said, your Investment Manager, not Merrill or your Financial Advisor, will recommend individual securities and exercise investment discretion.

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

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

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

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

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

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

Beginning in January 2024, Third-Party Firms that elect to act as sponsors of Conferences and Client Events will reimburse Merrill on an equitable basis for the eligible costs of the particular Conference for which they

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

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

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

- Will not affect the calculation of or amount of your MAS Fee.
- Is not a condition to entering into or continuing participation in MAS.
- May be rescinded at any time by written notice to us with respect to your Account.

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

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

CLIENT REFERRALS AND OTHER COMPENSATION

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

We have entered into solicitation arrangements with certain third-party entities to refer prospective clients to us ("Solicitors"). Generally, the fees paid to Solicitors will be paid from investment advisory fees received and retained by us relating to your Account. This fee will generally be a percentage of the investment advisory fee ordinarily credited to your Financial Advisor for the applicable account. We will pay this fee to the Solicitor from the date you establish an account in the applicable program for as long as your account remains enrolled in MAS and the agreement between us and the Solicitor is effective. If we terminate the agreement with the Solicitor for certain reasons, we may continue to pay the Solicitor for a period of time after termination. We will not increase the fees you pay as a result of our payments to the Solicitor. The fees we charge will not be higher than our usual fees because of the payments to the Solicitor.

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

FINANCIAL INFORMATION

Not applicable.

