



800 N. Brand Boulevard, 16<sup>th</sup> Floor,  
Glendale, CA 91203  
(800) 634-1100  
[www.unionbank.com/invest](http://www.unionbank.com/invest)

Personal Portfolio Solutions  
Form ADV Part 2A – Appendix 1 (“Brochure”)

March 31, 2023

This Brochure provides information about the qualifications and business practices of UnionBanc Investment Services LLC. If you have any questions about the contents of this Brochure, please contact us at (800) 634-1100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

UnionBanc Investment Services LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about UnionBanc Investment Services LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Below is a summary of material changes made to the Brochure since its amendment on December 22, 2022.

- Item 4 Services, Fees and Compensation section, Background subsection – Added statement disclosing on or about May 29, 2023, UBIS will become a subsidiary of U.S. Bancorp as a result of the acquisition of Union Bank by U.S. Bancorp.
- Item 4 Services, Fees and Compensation section, Personal Portfolio Solutions Program Fee subsection – Deleted statement, “These fees are negotiable between you and your FA. Your account will be charged a quarterly fee which consists of the Sponsor Fee and the Advisor Fee (collectively the “Program Fee”). The Sponsor Fee includes fees paid to Envestnet in its role as the technology provider for the Program” and replaced with statement, “Your account will be charged a quarterly program fee which consists of the Sponsor Fee and the UBIS Financial Advisor Fee (“FA Fee”), collectively called the “Program Fee”. The Sponsor Fee is comprised of the Platform Fee which is payable to Envestnet for services provided to your account and the Custody Fee which is payable to NFS. The FA Fee charged by your FA may be negotiable” and added the statement “The Program Fee equals FA Fee plus Sponsor Fee. Note that the Sponsor Fee will be disclosed in your SIS.”
- Item 9 Additional Information section, Related Persons and Material Arrangements subsection – Added statements disclosing on or about May 29, 2023, UBIS will become a subsidiary of U.S. Bancorp and U.S. Bank, N.A., will succeed Union Bank as the IRA custodian as a result of the acquisition of Union Bank by U.S. Bancorp.
- Item 9 Additional Information section, Best Execution subsection – Deleted statement “For example, we add a mark-up to certain brokerage-related costs that are assessed to all client accounts at NFS. These other brokerage account fees and expenses defray our costs associated with such services and represent a profit to us. The additional compensation we receive represents a conflict of interest because we receive a financial benefit when we provide services in connection with maintaining your account. This compensation, however, is retained by UBIS and is not shared with your FA, so your FA does not have a financial incentive to recommend certain transactions to provide such additional services” and replaced with statement “For example, NFS allows UBIS the discretion to add a mark up to certain brokerage-related costs that are assessed to all client accounts at NFS; however, UBIS does not add any mark up to these brokerage-related costs.”

Additional non-material changes that update, enhance or further clarify existing language have also been incorporated throughout the Form ADV Part 2A – Appendix 1 Brochure since its prior version.

A full copy of the Form ADV Part 2A – Appendix 1 Brochure may be requested by contacting your Financial Advisor or our Client Services Desk at 800.634.1100. It is also available on our web site at [www.unionbank.com/invest](http://www.unionbank.com/invest) or on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Services, Fees and Compensation .....	4
<i>Background</i> .....	4
<i>Personal Portfolio Solutions Program</i> .....	4
<i>Personal Portfolio Solutions Program Fee</i> .....	4
<i>Information about Wrap Fees</i> .....	6
<i>Fees and Other Expenses Excluded from PPS Program Fee</i> .....	6
<i>Fee Refunds upon Termination of PPS Program Accounts</i> .....	6
<i>Non-Aggregation of Client Fees for Multiple Programs or Accounts</i> .....	6
<i>Other Compensation and Incentives</i> .....	6
<i>Sales Contests</i> .....	7
<i>Non-cash Compensation</i> .....	7
<i>Reporting Only Services</i> .....	7
Item 5 – Account Requirements and Types of Clients.....	7
Item 6 – Portfolio Manager Selection and Evaluation.....	8
<i>Performance-Based Fees and Side-By-Side Management</i> .....	9
<i>Methods of Analysis, Investment Strategies and Risk of Loss</i> .....	9
<i>Voting Client Securities</i> .....	12
Item 7 – Client Information Provided to Portfolio Managers.....	12
Item 8 – Client Contact with Portfolio Managers.....	12
Item 9 – Additional Information .....	12
<i>Disciplinary Information</i> .....	12
<i>Other Financial Industry Activities and Affiliations</i> .....	13
<i>Related Persons and Material Arrangements</i> .....	13
<i>General Partner of Investment Partnership</i> .....	13
<i>Code of Ethics</i> .....	13
<i>Participation or Interest in Client Transactions and Personal Trading</i> .....	14
<i>Conflicts of Interests</i> .....	14
<i>Review of Accounts</i> .....	15
<i>Brokerage Practices</i> .....	15
<i>Reports to Clients</i> .....	16
<i>Compensation for Client Referrals to UBIS</i> .....	16
<i>Compensation for Client Referrals to MUFG Union Bank and Relationship Management of Clients Participating in MUFG Union Bank Services</i> .....	16
<i>Best Execution</i> .....	16
<i>Trade Errors</i> .....	17
<i>Financial Information</i> .....	17

## **Item 4 – Services, Fees and Compensation**

### *Background*

UnionBanc Investment Services LLC (“UBIS”) is an investment adviser registered with the SEC and is a subsidiary of MUFG Union Bank, N.A. (“MUFG Union Bank”), a national bank regulated by the Office of the Comptroller of the Currency. The ultimate parent company of UBIS and MUFG Union Bank is U.S. Bancorp. On or about May 29, 2023, UBIS will become a subsidiary of U.S. Bancorp as a result of the acquisition of MUB by U.S. Bancorp. Please refer to Item 9, *Additional Information* for information regarding UBIS’ affiliates.

UBIS provides investment advisory services to clients through two programs, the Managed Account Solutions Program (“MAS Program”) and the Personal Portfolio Solutions Program (“PPS Program” or the “Program”).

This Brochure applies only to the PPS Program. UBIS Financial Advisors authorized to provide services include Financial Advisors or Senior Financial Advisors, collectively referred to as Financial Advisors (“FAs”).

UBIS and its FAs may be referred to as “us,” “we” or “our,” while clients may be referred to as “you” and “your” throughout this Brochure.

We have engaged National Financial Services LLC (“NFS”), a brokerage clearing firm, to provide transaction execution, clearance, settlement, custody and related services in connection with the PPS Program. We do not have physical custody of your account assets but may be deemed to have custody because our agreement with NFS authorizes them to accept certain instructions from us on your behalf. However, our internal policies and procedures preclude us from ever doing so without your expressed authorization. We have contracted with Envestnet Asset Management, Inc. (“Envestnet”), a SEC-registered investment adviser to gain access to their technology platform in order to administer the PPS Program. Neither NFS nor Envestnet provides investment advisory services under the PPS Program and are not responsible for the selection or recommendation of specific investment choices made under the PPS Program. NFS and Envestnet are not affiliated with UBIS.

Including its predecessor organizations, we have been in business as a broker-dealer since 1983 and began offering investment advisory services as a registered investment adviser in 1999. Our registration with the SEC as a registered investment adviser became effective in August 2009. As of December 31, 2022, client assets managed on a non-discretionary basis under the Personal Portfolio Solutions Program were \$100,160,362 for 199 client accounts.

### *Personal Portfolio Solutions Program*

The PPS Program is a non-discretionary investment advisory program in which we and our FAs offer investment advice and provide continuous supervision of client assets in accordance with the client’s investor profile and written investment guidelines. You retain discretion over your account; therefore, your FA is required to obtain your consent before acting on any investment advice or conducting any transaction in an account. Only open-end mutual funds and exchange-traded funds (“ETF”) are eligible for purchase in a PPS Program account. The PPS Program is not currently offered in a retirement account. As of March 30, 2020, the PPS Program will no longer be offered.

### *Personal Portfolio Solutions Program Fee*

The fees for the PPS Program are generally based on “Assets Under Management.” This means that the account is charged a fee based on the account balance as of a certain date. Your account will be charged a quarterly program fee which consists of the Sponsor Fee and the UBIS Financial Advisor Fee (“FA Fee”), collectively called the “Program Fee”. The Sponsor Fee is comprised of the Platform Fee which is payable to Envestnet for services provided to your account and the Custody Fee which is payable to NFS. The FA Fee charged by your FA may be negotiable. The Program Fee is charged in advance (or pre-paid) each quarter. Envestnet calculates

the Program Fee at the beginning of each quarter by applying the fee schedule on the Statement of Investment Selection (“SIS”) to the fair market value of your account, as determined by Envestnet, on the last business day of the prior calendar quarter. Cash or cash equivalent instruments are not charged the FA Fee but are charged on only a portion of the Program Fee that is payable to Envestnet. For accounts that are terminating management, we will automatically credit you back any pre-paid fees for the portion of the quarter remaining after management has terminated. In the event a deposit or withdrawal of \$10,000 or more on a single day in one investment account occurs, we will calculate the fee owed or refund due and adjust the normal fee charged at the end of the calendar quarter. Envestnet determines and applies the applicable fee schedule to the value of your assets in your account separately and does not aggregate all of your assets invested in the PPS Program for billing purposes to the extent that you have multiple accounts.

The Program Fee is shared between UBIS, Envestnet, and NFS pursuant to an agreement between them. In certain circumstances, at our discretion, the Program Fee may be negotiated. Generally, the portion of the Program Fee that is negotiable is the FA Fee but the Sponsor Fee may also be negotiable subject to Envestnet and NFS’ ability to accommodate. The Sponsor Fee may vary if the Sponsor Fee deducted from your account does not adequately cover the Annual Minimum Account Fee. Therefore, if the value of your account is below a certain amount, the Sponsor Fee will be increased to cover the shortfall. If your account does not have sufficient cash balance to pay the Program Fee or other expenses, securities positions in the account may be liquidated to pay the Program Fee without your consent. You may incur transaction costs and there may be tax consequences when securities positions in the account are liquidated to pay the Program Fee or other expenses. You are solely responsible for any resulting tax liabilities and we encourage you to consult with your tax professional regarding these types of events. Your Program Fee for the PPS Program is described in the SIS.

Except as required by law, we reserve the right to change any of the information contained in each fee schedule upon a 30-day written notification.

In certain cases, a Minimum Annual Account Fee will apply and is assessed quarterly to cover the costs associated with any applicable clearing, custody, and platform-related services that may not be adequately covered by the Sponsor Fee. The Minimum Annual Account Fee that is assessed by Envestnet and/or NFS may apply which could result in an overall fee that is higher than the Program Fee shown in the table below. The Sponsor Fee may be increased proportionally in order to satisfy the minimum fees due to Envestnet. We do not receive any portion of this fee, but for some accounts established prior to 2014, the Sponsor Fee is fixed and your FA’s compensation may be adjusted to cover any part of the Minimum Annual Account Fee that is not adequately covered by the Sponsor Fee. Please refer to the SIS for the specific Minimum Annual Account applicable to your account.

The standard fee schedule below represents the range of fees applicable to your account and does not represent the total fees you will pay. The tiered fee structure will result in a blended rate for account, please refer to your SIS for your program fee.

The Program Fee equals FA Fee plus Sponsor Fee. Note that the Sponsor Fee will be disclosed in your SIS.

Personal Portfolio Solutions Program Fee Schedule		
Account Size	Program Fee	FA Fee
First \$250,000	1.02% - 1.87%	0.90% - 1.75%
Next \$250,000	0.87% - 1.62%	0.75% - 1.50%
Next \$500,000	0.73% - 1.33%	0.65% - 1.25%
Next \$1,000,000+	0.59% - 1.19%	0.55% - 1.15%
Next \$3,000,000	0.54% - 1.04%	0.50% - 1.00%
Over \$5,000,000+	0.54% - 1.04%	0.50% - 1.00%

### *Information about Wrap Fees*

Clients who pay an asset-based wrap fee for a variety of services, such as the Program Fee, may pay more or less for those services than if they purchased the services on a separate ‘unbundled’ basis or through other financial firms. Factors that bear upon the cost of services paid for through a wrap fee include, among other things, the type and size of the account, the type of assets purchased, trading activity, and the number and range of supplementary advisory and client related services provided to the account. You may be able to obtain from us or other financial firms some or all of the types of services offered through the PPS Program on a separate ‘unbundled’ basis. In addition, the wrap fee you pay may be more or less than fees charged by UBIS or other financial firms for other comparable investment advisory programs. Therefore, your FA may have a financial incentive to recommend the PPS Program over the purchase of such services on a separate and ‘unbundled’ basis or a different investment advisory program. Investment advisory programs and brokerage services are separate and distinct, with different costs and expenses, and each is governed by different laws and legal agreements. To help you make an informed decision about what type of account is best for you, please read the ***Brokerage or Advisory Account: Which is the Best Fit for You*** disclosure document.

### *Fees and Other Expenses Excluded from PPS Program Fee*

The Program Fee does not cover other charges, including commissions, dealer mark-ups or fees for portfolio transactions executed away from NFS, fees for certain service requests such as wire or delivery instructions, check handling, legal processing, outgoing transfers, and other fees described in Envestnet’s disclosure document that would apply separately. Furthermore, mutual funds and ETFs may charge operating expenses, management fees, distribution and shareholder servicing fees or “12b-1” fees, redemption fees or other fees and expenses as described in each applicable prospectus. These fees and expenses are in addition to the Program Fee described in this section. However, we rebate distribution and shareholder servicing fees or “12b-1” fees to client accounts.

The UnionBanc Investment Services Commission and Fee Schedule discloses the account custodial fee, termination fee, various fees and charges, and account minimums that apply to your accounts with us. Please refer to the UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreement available on our website at <https://www.unionbank.com/personal-banking/investments-retirement/terms.jsp>.

### *Fee Refunds upon Termination of PPS Program Accounts*

Management of your account may be terminated by you, us, or Envestnet at any time. We reserve the right to terminate management of your account without prior notice. Upon termination, we will automatically credit you back any pre-paid fees for the portion of the quarter remaining after management has terminated. Should we become aware that the account owner has died or is otherwise incapacitated, we may terminate management of the account and wait for instructions from the executor or an authorized agent.

### *Non-Aggregation of Client Fees for Multiple Programs or Accounts*

Program Fees are assessed on an account-by-account basis. If you have more than one account, each account will be subject to the fee schedule on the corresponding SIS. Therefore, it is possible that the sum of your fees paid across all of your accounts may be greater and your overall return across all accounts may be less when you invest in more than one type of UBIS investment advisory program or account than if you invested all of your assets in a single program or account. This also means that our compensation may be greater when clients invest in more than one type of program or account than if a client invested in a single program or account.

### *Other Compensation and Incentives*

In certain cases, we may be compensated by unaffiliated third parties based on the amount of assets our clients have with them. This represents a conflict of interest in that we are incentivized to recommend the services of the third-party from which additional compensation may be received. However, we do not favor the sales of any particular product sponsor, nor do we encourage or otherwise promote any particular product sponsor in the PPS Program.

NFS charges us fees to provide transaction execution, clearance, settlement, custody and other related services for our advisory clients. These fees are reduced as our assets under management increases and reaches pre-determined dollar thresholds. This creates an inherent conflict of interest in that we are incentivized to recommend an advisory program in order to realize the financial benefits of our arrangement with NFS.

*Sales Contests*

UBIS does not participate in sales contests to incentivize FAs for establishing new advisory business.

*Non-cash Compensation*

Our employees occasionally receive gifts of nominal value (limited to \$100 or less, per person/per calendar year) from product or service vendors including our affiliates. Certain vendors may also invite our employees to training/educational events or host reasonable business entertainment events that are deemed necessary and/or customary industry practices. These product or service vendors may be recommended to a UBIS client.

*Reporting Only Services*

Provided that Envestnet is able to accommodate, you have the option to receive reporting services with respect to your assets held in securities accounts outside of the PPS Program. This service allows you to receive a single report that includes your assets on the PPS Program and assets held elsewhere. Fee rates for this service are listed below. Neither we nor Envestnet provides any investment advice, asset allocation, or rebalancing services on any assets held outside of the PPS Program. Clients have no obligation to choose the reporting services to participate in the PPS Program.

Reporting Service Fee Schedule	Fee (billed quarterly in advance)
For All Assets	0.06%
Minimum Quarterly Fee	\$22.50
Manual entry of cost basis data at set-up	\$1.00 per tax lot
Manual entry of historical data	\$100.00 per hour
Minimum Annual Account Fee	\$90.00

**Item 5 – Account Requirements and Types of Clients**

We generally provide advisory services to individuals, high net worth individuals, charitable organizations, businesses, and corporate pension and profit-sharing plans. The majority of our clients are individuals not considered high net worth individuals. Some individual clients have IRA assets invested in the PPS Program. Our clients may have both advisory accounts and brokerage accounts. Your FA may offer you advisory services, brokerage services, or both, depending on your needs.

In the PPS Program, we generally require a minimum account size of \$100,000. At our sole discretion, account minimums may be negotiated. If the value of your account falls below the applicable minimum, we may require you to provide additional money or securities. If your account does not meet the account minimum, we may terminate the advisory relationship and close the account or initiate the steps required to convert it to a commission-based brokerage account. In some circumstances, we may waive the minimum account size requirement based on our assessment of your circumstances. If your account is converted to a commission-based brokerage account, it will be subject to the UnionBanc Investment Services Commission & Fee Schedule, Disclosures, and Services Agreement available on our website at <https://www.unionbank.com/personal-banking/investments-retirement/terms.jsp>.

We do not support excessive short-term trading of mutual funds or ETFs in the PPS Program. Certain mutual funds may also impose short-term trading restrictions that could impact our ability to rebalance, liquidate, deposit or conduct other transactions that may be requested by you. Certain mutual funds may also impose redemption fees that are additional costs to the client to discourage short-term trading. Please review each

applicable mutual fund prospectus or disclosure document for policies regarding short-term trading and redemption fees.

You should also be aware that contingent deferred sales charges (“CDSC”) may be imposed on the liquidation of mutual funds that have been transferred into your account. As a result, you may be subject to taxes when Envestnet liquidates mutual funds that are subject to a CDSC. Please consult with your FA and a tax professional before transferring any securities in-kind into the account.

You should also understand that extended periods of inactivity in PPS Program accounts could lead to higher fees than if commissions were paid for each transaction through a brokerage account. We reserve the right, but are not obligated, to close a PPS Program account or convert it to a commission-based brokerage account based on trading activity in the account.

You may also request reasonable instructions and/or restrictions to the extent that we are able to accommodate the request. Restrictions cannot be imposed on the management of a mutual fund, ETF or the applicable investment company managers, including the selection of underlying securities within each investment company.

We may terminate or decline to enter into an advisory relationship under the PPS Program at any time and for any reason including but not limited to the reasons outlined in your agreement with us. Management of your account may be terminated by you or us upon written notice to the other party. However, we reserve the right to terminate management of your account without prior notice.

Under certain circumstances, you may elect to pledge or grant a security interest in the account as collateral for an extension of credit by our affiliate, MUFG Union Bank (collectively, the “Lending Arrangements”). In the event that your account assets are pledged as collateral in connection with the Lending Arrangements, MUFG Union Bank may exercise certain rights and powers over the assets in the account, including the disposition and sale of any and all assets pledged as collateral for the obligations under the Lending Arrangements, which may be contrary to a client’s interests and the investment objective of the account under the PPS Program. In the event of a collateral call on the account, securities may be liquidated and the proceeds thereof withdrawn from the account and, as a result, the investment strategy for the PPS Program may become disrupted because positions may be redeemed more rapidly, at significantly lower prices, and in a less tax-efficient manner than might otherwise be desirable. You and your FA may not be provided with prior notice of such a liquidation of the assets in the account and may not be entitled to choose the assets which are to be liquidated by the lender.

The costs associated with the Lending Arrangements are not included in the fees that you pay under the PPS Program and may result in additional compensation to UBIS and MUFG Union Bank. You should carefully review the materials provided when entering into the Lending Arrangements and consult with your own independent tax professional in order to fully understand the tax implications associated with the Lending Arrangements. Neither we nor MUFG Union Bank, provides legal, tax or accounting advice to clients. Before using account assets as collateral in the Lending Arrangement, you should take the time to understand the associated risks and how this type of Lending Arrangement could impact long-term investment goals. Any action taken by us, MUFG Union Bank, or any of their respective affiliates against the assets held in the account pursuant to the Lending Arrangements will not constitute a breach of UBIS’ fiduciary duties as an investment adviser to you under the PPS Program.

#### **Item 6 – Portfolio Manager Selection and Evaluation**

Your FA serves as the portfolio manager for the PPS Program. We require that FAs who serve as portfolio managers have an appropriate business and educational background. Although there are no defined set of credentials that the FAs must possess, we generally expect them to have experience in investment analysis or portfolio management. In addition, any FA involved with providing investment advice to clients must have obtained passing scores on licensing examinations as may be required in any jurisdiction where we provide advisory services.



Our Regional Sales Managers (each an “RSM”) and Regional Principals (each an “RP”) oversee each FA’s investment advisory activities. The RSMs and RPs ensure that the FA performs advisory account reviews and contacts you at least annually. This process seeks to ensure that each FA offers investment advice and provides continuous supervision of your assets in accordance with your investor profile and written investment guidelines. In addition, the RSM is responsible for ensuring that your FA performs his duties in compliance with applicable laws and the policies and procedures established by us. If it is determined that an FA is unable to serve the best interests of a client, we may disallow the FA to serve as the portfolio manager. Disciplinary action may also be taken when a material violation to applicable laws or internal policies and procedures is identified.

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

UBIS does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

Your FA will assess your investment objectives, goals and income needs, time horizon, risk tolerance, and other information you provide to create an investor profile. Your FA uses the investor profile to assist you in selecting an implementation strategy that is right for you. On a periodic basis, we review the overall performance of your investments and the ongoing appropriateness of the program by reviewing your investor profile and making the necessary updates as your circumstances change. Because investment advice is based on each client’s unique investor profile, your FA may recommend the purchase of certain investments to one client and recommend the sale of the same investments to another client. FAs primarily conduct a qualitative and quantitative review of their investment recommendations by using information that may be gathered from mutual fund and ETF sponsor materials, industry resources, and other research/financial tools.

Based on the information provided to Envestnet by your FA, you will be provided with an investment policy statement (“Proposal”) and a SIS. The purpose of the Proposal and SIS is to establish an understanding between you and us regarding the investment objectives, goals, and guidelines for your account, and to recommend a suitable investment strategy for you. You should be aware that investment analysis tools and programs are subject to limitation and assumptions and may vary with each use and over time. Investments considered in the analysis undergo a rigorous screening process wherein Envestnet ranks all mutual funds within each peer group over trailing periods. For ETFs, Envestnet identifies a list of best in-class beta exposures. It is possible that other investments may have characteristics similar or superior to those being analyzed. **IMPORTANT: Projections or other information generated by Envestnet regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.** On a periodic basis, your FA will review the performance of your investments relative to your investor profile, including any updated information provided by you to determine if the Program and/or investment strategy remains appropriate.

In the PPS Program, Envestnet provides only administrative services, does not provide advisory services and is not responsible for the specific investment choices made in your account. Neither we nor Envestnet will exercise investment discretion over your account. The PPS Program is a non-discretionary program in which you retain investment discretion.

**Investing in securities involves the risk of loss.** Some of the more common risks involved when investing in mutual funds, ETFs or the PPS Program in general are listed below. Depending on the specific mutual funds or ETFs used in an account, you may be exposed to additional and/or heightened risks. You should review each applicable mutual fund prospectus or disclosure document for the specific risks related to their investments. The following are some principal risks of investing in securities, both directly in a mutual fund or ETF or indirectly through a fund’s investment in securities:

**Market Risk:** The risk that a security's market value may decline, especially rapidly and unpredictably for short or extended periods. These fluctuations may cause a security to be worth less than the price the investor originally paid for it. Market risk may affect a single issuer, industrial sector or the market as a whole.

**Liquidity Risk:** The risk that a security may be difficult or impossible to sell at the time and price the seller wishes. The seller may have to accept a lower price for the security, sell other securities instead, or forego a more attractive investment opportunity.

**Credit Risk:** The risk that the issuer of a security or the counterparty to a contract will default or otherwise become unable to honor a financial obligation. Generally speaking, the lower a security's credit rating, the higher its credit risk. If a security's credit rating is downgraded, its price tends to decline sharply, especially as it becomes more probable that the issuer will default.

**Interest Rate Risk:** The risk that debt prices overall will decline over short or even long periods due to rising interest rates. Interest rate risk usually is modest for shorter-term securities, moderate for intermediate-term securities, and high for longer-term securities. Changes in interest rates also may affect an underlying fund's or security's share price: a sharp rise in interest rates could cause the fund's share price to fall. The longer an underlying fund's or debt security's duration, the more sensitive to interest rate movements its share price is likely to be. A change in a central bank's monetary policy or improving economic conditions may result in an increase in interest rates. Rising interest rates may decrease liquidity in the fixed income securities markets, making it more difficult for the underlying fund to sell its fixed income securities holdings at a time when the investment adviser might wish to sell such securities. In addition, decreased market liquidity also may make it more difficult to value some or all of an underlying fund's fixed income securities holdings.

**Reinvestment Risk:** The risk that the proceeds, dividends, or interest that may be generated from an investment are reinvested in a security that offers a lower rate of return compared to the returns generated by the original investment.

**Counterparty Risk:** The risk that the counterparty to a repurchase agreement, futures contract, swap agreement or other similar instrument may not fulfill its obligation which may cause the income and the value of the investment to decline sharply.

**Non-diversification Risk:** The risk involved with excessive exposure to securities in any one issuer, industry or sector.

**Foreign Investments:** Compared with investing in the United States, investing in foreign markets involves a greater degree and variety of risk including the possibility of delayed settlements, currency controls, adverse economic developments, and higher overall transaction costs. In addition, fluctuations in the U.S. dollar's value may erode or reverse gains from investments denominated in foreign currencies or widen losses.

**Exchange-Traded Funds (ETFs):** ETFs charge their own fees and expenses; thus, mutual funds that invest in ETFs will bear extra costs, such as duplicative management fees, brokerage commissions and related charges. In addition, there may from time to time be a significant discrepancy between its net asset value calculated at the end of each trading day and the price at which the ETF trades on an exchange. There can be no guarantee that an ETF will achieve a high degree of correlation with its index which could prevent an ETF from achieving its objective.

**Leveraged/Inverse ETFs:** Leveraged and Inverse ETFs use investment techniques and derivatives (i.e., futures contracts, swap agreements and similar instruments) that can result in higher volatility and increased or decreased performance. The correlation or performance characteristics of the ETF will likely vary in

relation to the intended inverse or multiple returns and the index tracked by the ETF; therefore, the objectives of the ETF may not be achieved from time to time.

**Alternative Investments:** Alternative mutual funds and other managers that employ alternative investment strategies primarily invest in non-traditional asset classes and implement speculative investment techniques. Alternative investments may offer investment return characteristics that are non-correlated to traditional investments, but also present greater and/or unique risks to investors. Such risks include: loss of all or a substantial portion of the investment due to leveraging, short selling or other speculative practices; management risk; lack of liquidity; restrictions on transferring interests; higher or excessive volatility; absence of information for valuations and pricing; less transparency on underlying investments, complex tax structures and delays in tax reporting; less regulation; and potentially higher fees than traditional investments.

**Management Risk:** The risk that a strategy or investment technique used by your FA, or an asset manager may fail to produce the intended result or achieve its investment objective.

**Tax Risk:** The risk of unfavorable tax consequences to a client that could result from the administration of a client account pursuant to the advisory services described in this Brochure and the Managed Account Solutions Program Terms and Conditions.

**Unapproved Product Risk:** The risk that a previously approved mutual fund, ETF no longer meets listing requirements established by PMC. If a product is delisted from the PMC Approved List, clients must select a replacement which may result in a taxable event to the client; if no replacement is selected or the client refuses to select a replacement, we may close the account or convert it to a brokerage account.

**Model Risk:** A variety of data may be used, including data from third-party models, as inputs into the investment advisory process. Use of data generated by investment-related models invariably presents model risk, which is the potential for adverse consequences from asset allocation or investment advisory decisions based on incorrect or misused data output and reports.

**Third-Party Risk:** Services from third parties may be relied on in the execution of investment advice or analysis and servicing of client accounts. Types of such third parties may include but are not limited to: broker-dealers, reporting, pricing, proxy voting, research, investment-related models, and technology providers.

There is a possibility that investments will not successfully achieve their objectives or expectations notwithstanding the financial assumptions, investment strategies, securities selection and due diligence research that we may rely upon, recommend and/or implement.

If you execute a lending agreement with MUFG Union Bank, you should read and be aware of the associated risks when pledging assets in a securities-backed line of credit agreement as disclosed in the collateral addendum. This type of collateral loan allows clients to borrow money using securities held in a UBIS managed account as collateral for the loan. This type of loan carries a number of risks such as tax consequences, declining account value no longer supporting the line of credit and additional collateral must be deposited or repayment of the loan or the Bank can instruct UBIS to sell investments and keep the cash to satisfy maintenance calls. Retirement and ERISA-qualified accounts are not eligible for participation in a securities-backed line of credit agreement.

You should understand that the submission to terminate and liquidate the account is not considered a market order. While we strive to process every instruction promptly, such activities may be subject to various administrative processes that could delay the investment of your funds.

You may choose to invest only in specific asset classes or use non-diversified strategies within the PPS Program to complement additional assets held by you at another financial institution. Your FA will not be responsible for assets held or managed outside of UBIS which could significantly impact your overall investment portfolio and compromise overall portfolio performance. You should immediately inform your FA if changes are made to such complementary assets held at another financial institution.

***Investments in the PPS Program accounts are: 1) NOT insured by the FDIC or by any other government agency; 2) NOT a deposit or other obligation of, or guaranteed by Union Bank or any of its affiliates; and, 3) involve risks, including the possible loss of the principal amount invested, a risk that clients should be prepared to bear.***

#### *Voting Client Securities*

We do not accept authority to vote client proxies. We will forward you, or any other party designated by you, all proxy-related materials and other materials we receive from an issuer of a security that is held by you in the PPS Program. Your FA may only provide you with educational information regarding issuer materials.

#### **Item 7 – Client Information Provided to Portfolio Managers**

In order for your FA to create an appropriate investor profile, you must provide accurate information about your investment objectives, goals and income needs, time horizon, risk tolerance, financial circumstances as well as any reasonable restriction that you may wish to impose on your account. The investor profile will allow your FA to assist you in selecting an investment strategy that is suitable for you.

You may choose to invest only in specific asset classes or use non-diversified strategies within the PPS Program to complement additional assets you hold at another financial institution. Your FA will not be responsible for assets held away from us. You should promptly inform your FA regarding changes to any of the information you have provided including information about assets held at another financial institution.

#### **Item 8 – Client Contact with Portfolio Managers**

Your FA serves as the portfolio manager for your account. You may freely contact your FA regarding your account. Your FA is also required to maintain contact with you no less than annually. The purpose of the continuous monitoring of client's PPS Program account is to ensure clients are informed regarding performance, approved products, portfolio drift/re-balancing needs, and to ensure the client's investor profile remains suitable and consistent with the client's investment objectives, risk tolerance and time horizon.

#### **Item 9 – Additional Information**

##### *Disciplinary Information*

On December 23, 2013, UBIS was censured and fined \$51,000 by the Financial Industry Regulatory Authority ("FINRA") involving UBIS' activities as a broker-dealer. UBIS consented to a finding without admitting or denying allegations that UBIS' broker-dealer trading desk purchased and/or sold agency securities for its own account to customers at an aggregate price that was not fair and reasonable and, in doing so, UBIS failed to observe just and equitable principles of trade in violation of FINRA Rule 2010.

On May 5, 2021, the Financial Industry Regulatory Authority ("FINRA") issued an Acceptance, Waiver and Consent (AWC) in which UBIS was censured and fined \$100,000 by FINRA pertaining to UBIS' activities as a broker-dealer. Specifically, UBIS consented to an order, with two findings, without admitting or denying allegations that it failed to establish and maintain a reasonably designed supervisory system and written supervisory procedures to achieve compliance with applicable securities laws and regulations with respect to certain types of variable annuity transactions (exchanges of variable annuities and indexed annuities). Additionally, UBIS failed to establish and maintain a reasonably designed system and written supervisory procedures for the surveillance of rates of variable annuity exchanges.

### *Other Financial Industry Activities and Affiliations*

We are also registered as a broker-dealer with the SEC and a member of FINRA and the Municipal Securities Rulemaking Board. As a broker-dealer, we may offer asset allocation services and buy or sell for our clients a variety of securities, including but not limited to common stocks, bonds, variable annuities, and mutual funds. Certain FAs may also sell fixed annuities and other insurance products through an affiliated insurance agency, UnionBanc Insurance Services, which is a division of MUFG Union Bank.

### *Related Persons and Material Arrangements*

As noted in Item 4, UBIS is a subsidiary of MUFG Union Bank. MUFG Union Bank is a principal subsidiary of U.S. Bancorp, a bank holding company regulated by the Federal Reserve Board. UBIS is a limited liability company of which MUFG Union Bank is the sole member. On or about May 29, 2023, UBIS will become a subsidiary of U.S. Bancorp as a result of the acquisition of MUB by U.S. Bancorp.

UBIS' Board of Managers is comprised of UBIS and MUFG Union Bank employees and it manages the business affairs of UBIS and exercises all of its powers. UBIS employees are also employees of MUFG Union Bank. MUFG Union Bank provides a variety of administrative services to UBIS, such as human resources and corporate accounting functions. MUFG Union Bank serves as the IRA custodian for certain UBIS accounts that are invested through the PPS Program. On or about May 29, 2023, U.S. Bank, N.A., will succeed Union Bank as the IRA custodian as a result of the acquisition of Union Bank by U.S. Bancorp. MUFG Union Bank also provides safekeeping services with respect to UBIS' institutional broker-dealer business. MUFG Union Bank may also make general client referrals to us and we may refer clients to MUFG Union Bank for banking-related services.

MUFG Union Bank is licensed to sell certain types of insurance through its division, UnionBanc Insurance Services. This activity by UnionBanc Insurance Services is not connected to UBIS' investment advisory business.

PPS Program clients are also broker-dealer clients, and we may effect securities transactions as principal, broker, or agent for such broker-dealer clients with respect to assets that are outside of the PPS Program. In addition, certain related persons such as MUFG Union Bank may, from time to time, buy securities from or sell securities to mutual clients pursuant to the separate relationships that they may have with each other. Furthermore, we may enter into referral agreements with our related persons and receive compensation. These arrangements are done in a manner that is consistent with customary commercial practice and applicable federal and state regulations.

### *General Partner of Investment Partnership*

We do not generally serve as a general partner of any investment related partnership, and we do not solicit clients to invest in any partnership in which it may serve as a general partner. We also do not solicit our clients to invest in any partnership in which a related person, such as MUFG Union Bank, is a general partner. The related person could, however, solicit someone, who may also be a client of UBIS, to invest in one of these partnerships due to the separate relationship that the related person may have with the client.

### *Code of Ethics*

Our employees' personal securities transactions and certain activities may raise potential conflicts with the interests of our clients. In compliance with applicable regulations, we have adopted a Code of Ethics (the "Code") to mitigate such potential conflicts of interest. The Code establishes rules of conduct for all employees of UBIS and is designed to among other things govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that we and our employees owe a fiduciary duty to our clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. All

of our officers, directors, and employees are subject to the provisions stated in the Code requiring that they place the interests of UBIS' clients before their own personal interests. We will provide a copy of the Code to clients who request it. You may request a copy of the Code by contacting your FA or our Client Services Desk at 800.634.1100.

#### *Participation or Interest in Client Transactions and Personal Trading*

It is possible that we, our advisory affiliates, and/or our employees will have a material financial interest in the investments that are recommended for clients' accounts. Similarly, it is possible that we, our advisory affiliates, and/or our employees will purchase and sell investments that may be recommended to clients under the PPS Program. The Code and our policies and procedures help identify and address actual or potential conflicts of interest resulting from securities transactions for our clients. These policies generally require our employees to maintain their brokerage accounts at UBIS or another brokerage firm that will forward their statements electronically to us so that they can be reviewed by our Compliance Department. In addition, the Code requires our employees with access to our advisory clients' accounts to submit periodic reports of their personal brokerage accounts and those of certain family members to the Compliance Department for review of transactions and holdings in their accounts. These policies and procedures serve to ensure that the investment activities of our employees do not disadvantage our clients in any way.

#### *Conflicts of Interests*

To fulfill our fiduciary obligation, we have objectively evaluated our firm, employees, business activities, fee structures, and our affiliates in order to mitigate, and to the extent possible, eliminate identified conflicts, and disclose to existing and prospective clients inherent conflicts that may exist. It is for this very reason that we provide this disclosure document before or at the time a client engages our programs and services so that you can make an informed decision to engage us for your investment needs. Appropriate management of conflicts may also include but is not limited to obtaining specific client consent for the applicable transaction both as required by law and regulation, such as by providing the disclosure in this Form ADV 2A. Clients who engage us and our affiliates will pay fees and commissions that may be higher or lower than other UBIS clients or for services and products offered through other financial institutions.

Your FA will receive compensation as a result of your participation in the programs described in this Brochure. The amount of this compensation may be more or less than the amount of compensation your FA would receive if you were to pay separately for investment advice, brokerage, and other services. However, we attempt to design all of our advisory programs with pricing competitive with what a client might pay for investment advice, brokerage, and other services separately.

Your FA's overall production and compensation arrangement with us determines the percentage of the Program Fee he or she earns. Generally, the higher the FA's overall production, the higher his or her compensation will be. Your FA may also be entitled to earn more compensation for recommending managed accounts over other programs or products available to him or her as an employee of both UBIS and MUFG Union Bank. This presents a conflict of interest in that your FA may benefit from recommending certain programs based on the difference in compensation he receives rather than selecting investments without regard to compensation payable to him. However, this compensation differential to your FA does not impact how much you pay. In addition, your FA is required to always act in your best interest and we attempt to ensure that your FA's recommendation of a managed account is in your best interest, initially and throughout the life of your account.

The FA Fee, which is the portion of the Program Fee that is payable to us and your FA, is negotiable within a pre-defined range which we have determined to be reasonable compensation. UBIS intends that these fees generally decrease as the value of your account increases, however, there may be certain instances where the FA Fee may increase as a proportion of the overall Program Fee. While there is no increase in the Program Fee, any increase in the FA Fee represents a conflict of interest in that your FA may be incentivized to recommend transactions in order to increase the FA Fee. However, your FA is required to always act in your best interest. In

addition, we attempt to mitigate this conflict by requiring that the overall Program Fee never increases as the account appreciates in value.

Your FA may have a financial interest in certain securities. We do not permit our FAs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that FA has a material financial interest. Your FA may purchase or sell the same security as long as he does not have a material financial interest in the security. Our Code of Ethics mitigates this conflict by detailing policies designed to ensure that clients are not disadvantaged by an FA's trading activity. In addition, your FA does not earn any compensation from any uninvested cash or cash equivalent instruments in your account. This may represent a conflict of interest in that your FA is incentivized to keep as much of your account invested in securities. In general, your account should maintain a certain portion of your account in cash or cash equivalent instruments to adequately cover the quarterly Program Fee in order to avoid unnecessary liquidations. However, the fact that your FA does not earn any compensation from uninvested cash and cash equivalent instruments also serves to incentivize him to actively manage your account continuously rather than earning fees on idle balances which may adversely impact the performance of your account.

Neither we nor our FAs accept mutual fund trailers in the PPS Program. However, in traditional brokerage accounts, our FAs and UBIS do accept mutual fund trailers. This presents a conflict of interest in that the receipt of these mutual fund trailers may give your FA an incentive to recommend mutual funds or different types of accounts based on compensation to be received. We help mitigate this conflict of interest by ensuring that the type of account your FA recommends is suitable for you. In addition, we attempt to ensure that the class of shares of any mutual fund investment that we recommend in your advisory account is in your best interest, which often times means that no mutual fund trailers are applicable. In some cases, our ability to offer certain classes of shares may be limited by eligibility requirements or other restrictions imposed by the fund company or NFS.

Though our advisory programs are generally only available through our FAs, similar programs or investment advice may be available from other investment advisers. In addition, you have the option to obtain similar investment products through investment advisers that are not affiliated with us. These services may cost you more or less if obtained elsewhere.

#### *Review of Accounts*

Your FA will review your account periodically to confirm that your account's investments are consistent with your investment objectives, guidelines, and restrictions. Your FA will contact you at least annually to confirm, among other things, that your investment objectives, restrictions, and financial circumstances have not changed and/or to allow you to place reasonable restrictions. More frequent reviews may be triggered by factors such as material changes in your circumstances, the securities markets, or the political and economic environments. We also conduct various surveillances regarding your account to ensure that it remains suitable over the life of the account.

#### *Brokerage Practices*

We do not engage in any principal or agency cross transactions in the PPS Program. Principal transactions are securities transactions where we buy or sell a security from our own account with yours, often times with a mark-up or mark-down in the price of the security resulting in a profit to us. Agency cross transactions involve the coordination of securities transactions between client accounts where we act as a broker, or intermediary. While, these transactions do not impact the market price of the stock, there is limited transparency with respect to the execution prices obtained by either party (i.e., buyer or seller).

Portfolio transactions for your account will generally be completed independently of other transactions, except when decisions are made to purchase or sell the same securities for a number of client accounts simultaneously. Such orders may be combined when possible to facilitate more favorable execution and to negotiate more favorable brokerage commissions. In this event, the transactions in your account may be averaged as to price and a proportional quantity based on transaction size in accordance with the daily purchase or sale orders placed

for other client accounts. However, you should understand that transactions may not always be combined for purposes of execution with orders for the same securities for other accounts managed by your FA. We are under no obligation to aggregate trade orders or to average price transactions.

#### *Reports to Clients*

NFS will send you trade confirmations on a quarterly basis and a written custodial account statement at least quarterly. The custodial account statement shows an inventory of trade executions, securities, including as-of-date market values, cash balances, fees and expenses charged to the client's account and account activities during the most recent quarter or applicable period.

We also provide you with a written quarterly performance report with investment commentary and investment performance information.

We urge you to carefully review your trade confirmations and custodial account statements and compare the information on the statements from the custodian with the information on the performance reports you receive. Differences in investment positions and valuations may be caused by differences in the use of accounting methods, reporting dates, and sources of information. You may request additional information and/or assistance by contacting your FA or our Client Services Desk at 800.634.1100.

#### *Compensation for Client Referrals to UBIS*

Certain MUFG Union Bank employees who have obtained certain securities licenses ("Licensed Bankers") receive referral compensation with respect to their referrals of new clients to UBIS for brokerage or investment advisory business ("Licensed Banker Program"). If a referred client establishes an advisory account, the Licensed Banker will receive a percentage of the advisory fees generated from your account over 15-months. The referral fees paid to the Licensed Banker do not entail an additional cost to the client. Licensed Bankers are also authorized to refer you to an FA for investment advisory services offered through MUFG Union Bank. This creates a conflict of interest in cases where the Licensed Banker and/or FA has a financial incentive to refer you for one program over another. However, your FA is required to always recommend the service that is in your best interest. In addition, the fees you pay will always be reasonable and commensurate to the services you receive through either program offered through UBIS or MUFG Union Bank.

#### *Compensation for Client Referrals to MUFG Union Bank and Relationship Management of Clients Participating in MUFG Union Bank Services*

MUFG Union Bank generally compensates certain employees and employees of its affiliates when clients they refer to MUFG Union Bank establish an account, relationship or service. In addition, MUFG Union Bank generally pays certain of its employees and employees of their affiliates compensation for providing relationship management services related to products and services of MUFG Union Bank and its affiliates. Such compensation can vary depending on the account, relationship, or service. UBIS does not provide investment advisory services to client assets managed by MUFG Union Bank.

Our FAs, in their capacity as registered representatives of the broker-dealer, provide financial planning for no fee or commission. You may also engage MUFG Union Bank for more complex financial planning services that may involve access to professionals who specialize in trust, estate, and/or portfolio management services. MUFG Union Bank generally charges a fee for these services. We and your FA will generally earn compensation for transactions related to the implementation arising from financial plans offered to you by either our broker-dealer or MUFG Union Bank.

#### *Best Execution*

In the PPS Program, you authorize us to designate NFS to provide custody and trade execution services for your account. By authorizing us to direct brokerage, you may not receive best execution for transactions in your account. However, NFS provides a full range of brokerage services that are integrated with existing UBIS back-office systems and account administration processes and we believe that the benefits of using NFS allows us to



achieve best execution for our clients. Best execution includes various factors such as execution capacity, overall efficiency, timeliness of execution, trader expertise, pricing, and responsiveness, amongst others. Not all investment advisory programs, including those offered through other financial services firms, require clients to direct brokerage. Although we are able to negotiate competitive pricing from NFS that we believe is beneficial to our clients, our clearing relationship with NFS provides us with certain economic benefits by using ourselves as the broker-dealer for our advisory program accounts rather than an unaffiliated broker-dealer. For example, NFS allows UBIS the discretion to add a mark up to certain brokerage-related costs that are assessed to all client accounts at NFS; however, UBIS does not add any mark up to these brokerage-related costs.

We do not receive soft dollar benefits or IPO allocations in connection with client accounts invested through the PPS Program, although mutual funds, ETFs, or underlying asset managers used in the PPS Program may receive these benefits as described in their prospectuses or other disclosures. Please refer to the respective mutual fund's or asset managers' disclosure documents for additional information regarding their brokerage practices.

#### *Trade Errors*

Occasionally errors occur in the execution of transactions for client accounts. When an error occurs, we generally will place the affected account(s) in the same position it would have been in had the error not occurred. Client accounts will not bear any losses or costs associated with corrections. If a trade error results in a net gain, we will retain such gains in a UBIS trade error account to offset any losses that could result from future trade errors. On a case-by-case basis, where the error is favorable to the client, we may decide to take no action to the extent that the error is not contrary to the client's explicit instructions and we determine that taking no action is in the best interest of the client.

#### *Financial Information*

We have no financial commitments that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.