



**Part 2A of Form ADV  
Disclosure Brochure**

**March 23, 2022**

**Quantitative Advantage, LLC**

10400 Yellow Circle Drive, Suite 303

Minnetonka, Minnesota 55343

Telephone: 952-767-8007

Toll Free: 866-767-8007

Facsimile: 952-767-8009

Website: [www.QAinvest.com](http://www.QAinvest.com)

Email: [compliance@QAinvest.com](mailto:compliance@QAinvest.com)

**This disclosure brochure provides information about the qualifications and business practices of Quantitative Advantage, LLC (“QA”). If you have any questions about the content of this brochure, please contact QA at 866-767-8007 or [compliance@QAinvest.com](mailto:compliance@QAinvest.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor with the SEC does not imply any specific level of skill or training.**

**Additional information about QA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 - Material Changes**

This summary of material changes identifies, and briefly discusses, only the material changes to the disclosure brochure of Quantitative Advantage, LLC (“QA”) since its last annual update on March 26, 2021. To see all changes since the last annual update, please review the entire disclosure brochure.

### *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*

We have updated our disclosures to reflect the current lineup of QA investment strategies, including the discontinuation of the Flex investment strategies and the addition of the QA ESG and Custom investment strategies.

### *Item 13 – Review of Accounts*

We have included updated information regarding the availability and frequency of client reviews with their QA wealth management advisor.

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#### **Item 4 - Advisory Business**

Clients are advised that they should review this entire disclosure brochure carefully. QA is an investment advisor registered with the Securities and Exchange Commission (“SEC”). Registration of an investment advisor with the SEC does not imply any specific level of skill or training.

QA was founded in 2000 by John W. Wing and Thomas G. Fox, and is a limited liability company organized in the state of Minnesota. John W. Wing is a principal owner of QA.

QA provides the following principal types of investment advisory and investment management services:

- Discretionary investment management services to clients in connection with managed accounts, which may also include related non-discretionary investment advisory services;
- Non-discretionary model portfolios to model strategist platforms and/or an overlay manager appointed by the sponsor, who use the model portfolios to manage their client accounts;
- Non-discretionary model portfolios and related investment recommendations regarding securities available under certain employer-sponsored retirement plans; and
- Non-discretionary financial planning services.

QA provides its investment advisory and investment management services primarily to its direct wealth management clients, whom it serves through its QA Wealth Management division, although it also provides some services through arrangements with third party investment advisors and broker-dealers.

In providing services to its wealth management clients, QA encourages clients to take advantage of QA’s financial planning services, with other investment advisory and management services being used to help clients achieve the goals outlined in their financial plans or reports. QA uses financial planning software licensed from third party vendors in providing financial planning services to its wealth management clients. QA recognizes that different investment styles, markets and asset classes cycle in and out of favor, and therefore generally recommends diversification of the client’s overall investment portfolio, in many cases recommending allocations to different types of investment strategies.

In managing its investment strategies and model portfolios, QA relies on a wide range of information, including its proprietary quantitative research, research provided by third parties, and other available political, financial, economic and market information. QA’s proprietary quantitative research analyzes relative price trends in various securities, including investment styles and sectors, international equities, and alternative and fixed income investments. In addition to making its own active investment decisions and recommendations, QA accesses third party investment managers through its review, selection and monitoring of actively managed mutual funds and exchange-traded funds (“ETFs”). The portfolio managers also weigh other considerations when making investment decisions or recommendations, including without limitation diversification, turnover and transaction costs.

In addition, QA’s Investment Committee provides high-level oversight of all portfolio management matters, including investment strategy and model portfolio process, implementation and performance; review, discussion and approval of new investment strategies and model portfolios and enhancements to existing investment strategies and model portfolios; portfolio management projects; policies, procedures, systems, portfolio operations and trading; and determining the overall strategic priorities of the portfolio management team. The Investment Committee is chaired by QA’s Chief Investment Officer, and in addition to the portfolio managers includes QA’s Founder, QA’s Chief Executive Officer and QA’s Chief Operating Officer, Chief Compliance Officer and General Counsel, with other employees participating by invitation in Investment Committee meetings as needed.

QA utilizes ETFs, mutual funds and other types of pooled investment vehicles extensively in its investment strategies and model portfolios, and does not generally provide investment advice with respect to any other types of investments, including publicly-traded equity securities (other than ETFs), private placement securities and individual debt securities. However, financial plans or reports provided to financial planning clients may include within their scope other types of securities owned or subsequently acquired by the clients.

You will find additional information about QA's investment strategies and model portfolios and the investments which QA may make or recommend in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss).

As of December 31, 2021, QA managed or advised approximately \$1.981 billion in client assets. Of these assets, QA exercised investment discretion over approximately \$799 million in managed accounts and provided non-discretionary investment advisory services to approximately \$25 million in client assets on model strategist platforms. The remaining approximately \$1.157 billion relates to non-discretionary investment advisory services to participants in employer-sponsored retirement plans.

#### **Discretionary Managed Account Services**

QA makes its discretionary managed account services available directly to clients, together with related non-discretionary investment advisory services. These services are provided by QA through its QA Wealth Management division.

In addition, QA provides discretionary managed account services through certain third-party investment advisors and broker-dealers ("Advisors").

#### **QA Wealth Management**

QA's wealth management advisors will determine whether QA Wealth Management's services are suitable for a directly managed account client and, if so, assist the client in selecting one or more suitable QA investment strategies. In order to make suitable recommendations regarding investment strategies (which are made on a non-discretionary basis), the wealth management advisor will typically require the client to complete an investor questionnaire, profile or similar document. The wealth management advisor will also inquire whether the client wishes to impose any reasonable restrictions on the management of the account. It is the client's responsibility to promptly notify QA regarding any change in the client's financial situation and investment needs, goals and objectives.

QA's portfolio management team is responsible for managing client accounts in accordance with the investment strategy or strategies selected by the client, subject to any reasonable restrictions the client may impose. QA cannot apply restrictions to securities held within ETFs or mutual funds. If QA cannot accommodate a client's restrictions, or in its sole discretion determines the restrictions are unreasonable, QA will notify the client. Unless the client's restrictions can be modified, QA may not be able to accept its appointment as investment manager. Client-imposed restrictions may have an impact, which may be material, on account performance.

QA will generally sign and date Client Agreements as soon as practicable following receipt of signed documents from the client. However, trading in the client's account will generally commence only once the account is in good order at the custodian, has been funded with cash and/or securities and all QA, client and other requirements have been met, subject to QA's investment discretion and any instructions from the client.

Upon request, QA will vote proxies of client securities in accounts over which QA has investment discretion.

The client also appoints a custodial broker-dealer to maintain custody of assets in the client's account and to execute securities transactions for the client's account (the "Broker-Dealer/Custodian"). The client is required to select one of the Broker-Dealer/Custodians currently made available by QA to QA Wealth Management clients, namely TD Ameritrade, Inc., Fidelity Investments or Pershing Advisor Solutions LLC. In some cases, the client will be limited in their choice of

Broker-Dealer/Custodian by virtue of restrictions imposed by the client's employer. QA effects all securities transactions for the client's account with or through the client-appointed Broker-Dealer/Custodian. You will find additional information regarding brokerage in Item 12 (Brokerage Practices).

#### *Third-Party Investment Management Programs and Sub-Advisory Arrangements*

QA manages third-party investment management program and sub-advisory accounts in a manner similar to its other managed accounts. In these cases, however, the sponsor of the third-party investment management program or third-party Advisor (and not QA) is responsible for determining suitability and provides investment advice to the client. In addition, the sponsor or Advisor establishes the custody and brokerage arrangements applicable to the client and advises the client regarding these matters. It is the client's responsibility to promptly notify the sponsor or their Advisor regarding any change in the client's financial situation and investment needs, goals and objectives.

The sponsors of third-party investment management programs generally determine the documents, terms and conditions of the programs, which therefore vary. Clients may obtain information regarding these programs from the sponsors.

In the case of sub-advisory arrangements, QA enters into a Sub-Advisory Agreement with the third-party Advisor, but does not enter into an agreement with the third-party Advisor's clients. Clients may obtain information regarding these sub-advisory arrangements from their third-party Advisors.

#### *Non-Discretionary Investment Advisory Services*

QA also provides investment advisory services on a non-discretionary basis through model strategist programs, to participants in certain employer-sponsored retirement plans and through its financial planning services.

#### *Model Strategist Programs*

QA provides impersonal model portfolios and/or model portfolio trade recommendations to the model strategist program sponsor or the overlay manager appointed by the sponsor. The sponsor or overlay manager then uses the model portfolios to manage their client accounts, including effecting all securities transactions in the accounts. QA anticipates that the sponsor or overlay manager will generally follow the model portfolios QA provides. However, the sponsor or overlay manager has full investment discretion whether or not to invest their client accounts in accordance with the model portfolios, and may deviate from the model portfolios and select other investments. QA will not have any discretionary authority over the assets held in these program accounts or any responsibility with respect to investment decisions made by the sponsor or overlay manager. Furthermore, QA does not have any information concerning the financial situation and investment needs, goals and objectives of the account holders and will not be responsible for determining the suitability of any model portfolio, investment strategy or investment decisions for any account holder. QA will also not be responsible for any individual investment advice provided to the account holders. It is the account holder's responsibility to promptly notify the sponsor or their third-party Advisor regarding any change in the account holder's financial situation and investment needs, goals and objectives.

The sponsors of the model strategist programs determine the documents, terms and conditions of the programs, which therefore vary. Account holders may obtain information regarding these programs directly from the sponsors.

### Employer-Sponsored Retirement Plans

Through its Retirement Allocation Program (RAP), QA makes available a range of equity and balanced model portfolios to retirement plan participants in certain employer-sponsored retirement plans through its QA Wealth Management division. RAP clients can select (with the assistance of their QA wealth management advisor) a model portfolio depending on their financial situation and investment needs, goals and objectives. Following the client's model portfolio selection, clients receive QA's investment recommendations (which are based on updates to the model portfolio) regarding selected mutual funds and other investment alternatives available under the retirement plans. Clients generally receive notification of QA's investment recommendations at the beginning of each month (following updates to the model portfolio at the end of the previous month), depending on their selected model portfolio. Clients (and not QA) exercise full investment discretion and are responsible for implementing the investment recommendations to the extent they choose to do so. It is the client's responsibility to promptly notify QA regarding any change in the client's financial situation and investment needs, goals and objectives.

QA also makes account aggregation services available to RAP clients.

In some cases, QA provides confidential advance notification of its recommendations to the plan administrator and/or certain sponsors of mutual funds and other pooled investment vehicles available as investment alternatives under the plans to facilitate management of the resulting cash flows into and out of the mutual funds and other pooled investment vehicles.

QA also provides monthly model portfolios free of charge to QA employees regarding the securities available under the QA-sponsored 401(k) plan.

### Financial Planning

QA offers both comprehensive and limited financial planning services to clients through its QA Wealth Management division.

Clients electing to utilize these services enter into a Financial Planning Agreement or similar agreement with QA and receive a financial plan and/or one or more limited financial planning reports based on information provided by the client, with the content of the plan or reports depending on the scope of services selected by the client.

Comprehensive financial planning services include delivery of a financial plan and in general may at the client's election include some or all of the following services:

- Preparation of a net worth statement
- Basic or detailed cash flow analysis, goal planning and budgeting
- Investment planning
- Retirement planning
- Social Security planning
- Personal risk management
- Employee benefits planning
- Income tax planning
- Estate planning

QA also offers customized or tailored financial planning packages which include selected financial planning services designed to meet the needs of particular groups of clients.

In the case of limited financial planning services, QA may provide clients with one or more limited financial planning reports, which are limited in scope, and do not constitute comprehensive financial planning services.

QA also makes account aggregation services available to financial planning clients.

In the case of comprehensive financial planning services, the financial plan will typically be provided to the client within sixty days of entering into the Financial Planning Agreement, provided that all information required to prepare the plan has been provided by the client promptly following the client's engagement of QA.

Upon delivery of the financial plan or limited financial planning reports (or any updates the client may subsequently request), QA will have no proactive responsibility regarding the plan or reports, and will not be responsible to monitor, update or advise with respect to the plan or reports. However, upon request the client's wealth management advisor will be available to discuss the plan or reports, answer any questions and advise the client regarding implementation of the plan or reports. In addition, if the client is or becomes a managed account client of QA, the client's wealth management advisor may refer to the financial plan or limited financial planning reports in connection with any managed account reviews the client schedules with the wealth management advisor. It is the client's responsibility to monitor any change in the client's financial situation, including the client's financial, investment and other needs, goals and objectives, and to notify QA in writing if the client wishes to request an update to the financial plan or any limited financial planning reports.

The client's financial plan or limited financial planning reports often include or reflect recommendations to use one or more additional services offered by QA for which QA would charge the client an additional fee. In all cases, the client retains absolute discretion over all implementation decisions relating to the financial plan or limited financial planning reports, and it is the client's responsibility to decide whether, or to what extent, to implement the plan or reports. Clients are free to obtain legal, accounting, brokerage, investment advisory and management or other services from any source to the extent they choose to implement QA's recommendations.

QA's financial planning services do not include investment advisory and management services with respect to managed accounts, ongoing monitoring of the client's investment portfolio, advice regarding investment alternatives available under the client's retirement plans or any other services. If QA agrees to provide any other services to the client, QA will do so pursuant to a separate agreement with the client.

Any estate planning, trust or tax considerations reflected in the client's financial plan or limited financial planning reports do not represent legal or tax advice, and clients are responsible for seeking the advice of a qualified attorney, accountant or similar professional advisor with respect to estate planning, trust or tax matters.

All financial planning services are provided on a non-discretionary basis.

Several of QA's wealth management advisors hold certifications issued by the Certified Financial Planner Board of Standards, Inc. ("CFP Board"). While not all QA wealth management advisors hold certifications issued by the CFP Board, all QA wealth management advisors are required to adhere to the standards established in the CFP Board Standards of Professional Conduct when providing financial planning services, including the duty of care of a fiduciary. As such, QA's wealth management advisors are required to place client interests ahead of their own when providing financial planning services, which is the same standard to which all employees of QA are required to adhere.

### **Non-Managed Accounts**

In its discretion, QA may permit a client to open a non-managed account, with respect to which QA provides no investment management or advice. A client may wish to open a non-managed account to hold securities they wish to retain, e.g., low basis stock, to facilitate unified reporting of the client's investments or for other reasons. QA does not have investment discretion over the assets held in non-managed accounts and does not provide any investment management, investment advisory or other services with respect to such accounts. As a result, clients remain solely responsible for the assets held in their non-managed accounts. In its discretion, QA may upon the client's specific request provide the client with limited



reporting, trading and/or other administrative services with respect to the client's non-managed account. QA does not charge any fees with respect to non-managed accounts.

**Miscellaneous**

QA at all times seeks to act in a timely manner in response to client instructions, directions and requests. However, the various steps QA needs to take to implement any instruction, direction or request require time, which results in a delay before the required action is complete. The length of the lead time varies, depending on the nature of the instruction, direction or request, the volume of other activity QA is required to undertake in the same time frame, and all the circumstances of the particular instance. QA is not responsible for movements in the securities markets or any other development affecting clients or their accounts pending completion of any required actions.

Clients with specific instructions, directions or requests concerning their accounts should contact QA or their third-party Advisor.

## **Item 5 - Fees and Compensation**

### **Discretionary Managed Account Services**

QA makes its discretionary managed account services available directly to clients, together with related non-discretionary investment advisory services. These services are provided by QA through its QA Wealth Management division.

In addition, QA provides discretionary managed account services through certain third-party Advisors.

### **QA Wealth Management**

#### *General*

QA's fee for its investment advisory and management services provided to managed account clients through its QA Wealth Management division is based on a percentage of the market value of the assets held in the client's account (the "Advisory/Management Fee"). The Advisory/Management Fee is generally payable quarterly, in advance, based upon the market value of the assets in the client's account on the last day of the previous quarter.

The Advisory/Management Fee for the initial quarter is calculated on a pro rata basis commencing on the day QA first places one or more trades for the account. The Advisory/Management Fee for other partial billing periods is prorated based on the number of days in the calendar quarter the account is open. The client receives a pro rata refund of the Advisory/Management Fee if QA's services are terminated during a quarter.

If a client adds more than \$50,000 to an account after the inception of a quarter, the client will be charged an additional Advisory/Management Fee with respect to the additional assets, prorated based on the number of days remaining in the quarter. If a client makes a partial withdrawal of more than \$50,000 within a quarter, the client will receive a credit with respect to the Advisory/Management Fee, prorated based on the number of days remaining in the quarter.

The Advisory/Management Fee also covers the account aggregation and financial planning services QA makes available to QA Wealth Management managed account clients.

In addition to the Advisory/Management Fee, the client will be subject to the brokerage fees or commissions charged by the client's Broker-Dealer/Custodian (the "Brokerage Fee"), as well as miscellaneous other charges and fees imposed by the Broker-Dealer/Custodian, e.g., account termination fees, early redemption fees and regulatory fees. Clients are required to select one of the Broker-Dealer/Custodians currently made available by QA for QA Wealth Management managed accounts, namely TD Ameritrade, Inc. ("TD Ameritrade"), Fidelity Investments ("Fidelity") or Pershing Advisory Services LLC ("Pershing"). In some cases, the client will be limited in their choice of Broker-Dealer/Custodian by virtue of restrictions imposed by the client's employer. The various Broker-Dealer/Custodians determine their own Brokerage Fees and other charges and fees, so the Brokerage Fee and other charges and fees will vary depending on the Broker-Dealer/Custodian the client uses.

In the case of TD Ameritrade and Fidelity, the client may choose to pay either an annual asset-based Brokerage Fee equal to a percentage of the market value of the assets in the client's account which covers all transactions the Broker-Dealer/Custodian effects for the account or per-transaction commissions. In the case of Pershing, QA Wealth Management managed account clients do not have the choice of an asset-based Brokerage Fee, but are subject to per-transaction commissions. However, each of TD Ameritrade, Fidelity and Pershing currently make available zero commissions on transactions in domestic equity securities and exchange-traded funds ("ETFs") to QA Wealth Management managed account clients (in some cases subject to certain conditions), as well as in certain no-transaction fee mutual funds (which vary by Broker-Dealer/Custodian). In most cases, therefore, even those clients who do have the choice of an asset-based Brokerage Fee will generally find it advantageous to choose per-transaction commissions, although in limited circumstances an asset-based Brokerage Fee will be more advantageous for the client. If the client has a choice among different Broker-Dealer/Custodians and/or brokerage payment options, the client's QA wealth management advisor will advise the client

regarding their choice of Broker-Dealer/Custodian and/or brokerage payment option. No portion of the Brokerage Fee is paid to QA. Please see the account agreement with your Broker-Dealer/Custodian, as well as any other information provided by your Broker-Dealer/Custodian or QA, for more details regarding the Brokerage Fee and other charges and fees.

You will find additional information regarding brokerage in Item 12 (Brokerage Practices).

Typically, clients authorize QA to invoice the Broker-Dealer/Custodian for the Advisory/Management Fee, and the Broker-Dealer/Custodian to deduct this fee directly from the client's account. The client will receive one or more statements, at least quarterly, indicating all amounts disbursed from the client's account, including the Advisory/Management Fee and Brokerage Fee. It is the client's responsibility to verify the accuracy of the calculation of the Advisory/Management Fee and Brokerage Fee.

QA generally implements clients' investment strategies by investing the account assets in ETFs and mutual funds. In addition to the Advisory/Management Fee and Brokerage Fee, clients will also have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the funds. These sales loads, fees and expenses are disclosed in the funds' prospectuses, which are required to be delivered to investors at the time of purchase.

#### *Standard and Premier Advisory/Management Fee Schedules*

The following tables provide the standard and premier fee schedules for QA's wealth management services provided to managed account clients through its QA Wealth Management division.

In each case, QA's fee is determined by multiplying the amount of assets falling within each asset range by the corresponding annual percentage rate.

#### Standard Fee Schedule

<u>Market Value of Assets in Household Managed Accounts</u>	<u>Annual Advisory/Management Fee</u>
First \$250,000	1.50%
Next \$250,000	1.25%
Assets over \$500,000	1.00%

QA charges a quarterly minimum fee of \$375 per household with respect to new household relationships established on or after January 1, 2017.

#### Premier Fee Schedule

Available to households which maintain managed account assets with QA of \$1 million or more.

<u>Market Value of Assets in Household Managed Accounts</u>	<u>Annual Advisory/Management Fee</u>
First \$2 million	1.00%
Next \$2 million	0.90%
Next \$2 million	0.80%
Next \$2 million	0.70%
Next \$2 million	0.60%
Assets over \$10 million	0.50%

For purposes of QA's standard and premier fee schedules, household is generally defined to include the client, their parents, children and grandchildren and their respective spouses or partners (regardless of whether they all share the same physical household), as well as related trust or similar accounts where any of the above is a trustee or beneficiary.

In applying the relevant QA fee schedule, any Cash Reserves (as defined below) are excluded from the Market Value of Assets in Household Managed Accounts, and are instead subject to an annual fee rate of 0.50% (or the marginal annual percentage rate applied to the household's managed assets, if lower). The term "Cash Reserves" means any funds in a client's account that the client has directed QA to not invest in the QA strategy holdings but to temporarily hold in cash, whether as a result of dollar-cost averaging, a client request to temporarily "go to cash" or otherwise, and which is specifically designated as Cash Reserves in the client's account and invested in a money market mutual fund selected by QA. Please note that Cash Reserves do not include the cash balances retained in client accounts by QA in its sole discretion to facilitate management of the accounts, which are included in the Market Value of Assets in Household Managed Accounts, and are subject to the annual fee rate determined by the relevant QA fee schedule.

For purposes of the adjustments described above under "General" for contributions or withdrawals of more than \$50,000 within a quarter, the \$50,000 threshold is applied separately to Market Value of Assets in Household Managed Accounts and Cash Reserves as distinct categories of assets.

Clients will not automatically move between the standard and premier fee schedules as the market value of assets in household managed accounts fluctuates, in order to avoid clients repeatedly moving back and forth between fee schedules as the global investment markets move up and down. Instead, if a household reaches \$1 million in managed account assets (whether as a result of contributions or market appreciation), the clients in the household will become eligible to move to the premier fee schedule, which will require updating the fee schedules in the managed account agreements governing the client accounts. Conversely, if the market value of assets in household managed accounts falls below \$1 million (except as a result solely of market depreciation), the clients in the household will need to move to the standard fee schedule, unless they replenish the market value of assets in household managed accounts to the required level of \$1 million or more. A move to the standard fee schedule would likewise require updating the fee schedules in the managed account agreements governing the client accounts.

QA in its sole discretion also makes a version of the premier fee schedule with improved pricing available to certain clients or groups of clients, including clients who access QA Wealth Management's services as current or retired partners, principals or employees of certain firms, regardless of the value of assets in household managed accounts.

Since its inception, QA has entered into various fee arrangements with clients. In implementing its updated fee schedules on January 1, 2017, QA "grandfathered" any existing fee arrangements that viewed as a whole at the household level would be more favorable to an existing client household than the applicable updated fee schedule would be.

Effective January 1, 2017, all clients on QA's standard and premier fee schedules are billed at the household level, rather than the account level. This includes clients with managed account agreements that provide for billing at the account level. Clients may benefit from household level billing because it permits clients to aggregate household managed accounts for purposes of reaching the higher asset levels at which lower fees may apply.

QA also provides investment advisory and/or management services, as well as account aggregation and financial planning services, to its owners, employees and certain immediate family members free of charge.

In general, the Advisory/Management Fee is not negotiable, although QA may in its sole discretion provide its services for a lower fee in any given case, or otherwise vary the fee arrangements described above.

#### *Third-Party Investment Management Programs and, Sub-Advisory Arrangements*

QA's fee for its investment management services provided to managed account clients through third-party Advisors, including third-party investment management program and sub-advisory accounts, is based on a percentage of the market value of the assets held in the client's account (the "Management Fee"). The standard annual Management Fee for QA's investment strategies provided through third-party Advisors is 0.50% of the market value of assets in the client's account.

The Management Fee is generally payable quarterly, in advance, based upon the market value of the assets in the client's account on the last day of the previous quarter. The Management Fee for the initial quarter is calculated on a pro rata basis commencing on the day QA first places one or more trades for the account. The Management Fee for other partial billing periods is prorated based on the number of days in the calendar quarter the account is open. QA provides a pro rata refund of the Management Fee if QA's services are terminated during a quarter. However, the extent to which the refund is made or passed through to the client may depend on the on the arrangements between the client and the third-party Advisor or investment management program sponsor.

Typically, clients authorize QA to invoice the client's Broker-Dealer/Custodian, the client's third-party Advisor or the sponsor of the third-party investment management program for the Management Fee, and the Broker-Dealer/Custodian to deduct this fee directly from the client's account. The Management Fee may be charged separately or included in a "wrap fee", program fee or other combined fee covering multiple services. The client will receive one or more statements, at least quarterly, indicating all amounts disbursed from the client's account. It is the client's responsibility to verify the accuracy of the calculation of the Management Fee if it is separately reflected in the account statements.

In addition to QA's Management Fee, the client's third-party Advisor will also typically charge an annual Advisory Fee equal to a percentage of the market value of the assets in the client's account, and the client's Broker-Dealer/Custodian will generally charge the client a Brokerage Fee and other charges and fees for its services. Clients who access QA's services through third-party platforms, subadvisory relationships or other third-party arrangements will typically be required to utilize the Broker-Dealer/Custodian(s) made available by the third-party investment advisor or broker-dealer. Other fees may also apply depending on the arrangements between the client and the third-party Advisor, investment management program sponsor and other service providers. The Advisory Fee, Brokerage Fee or other charges and fees (including QA's Management Fee) may be charged separately or included in "wrap fees", program fees or other combined fees covering multiple services, vary by third-party platform and can be up to 3% per year.

QA generally implements clients' investment strategies by investing the account assets in ETFs and mutual funds. In addition to QA's Management Fee, as well as the Advisory Fee, Brokerage Fee or other fees, clients will also have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the funds. These sales loads, fees and expenses are disclosed in the funds' prospectuses, which are required to be delivered to investors at the time of purchase.

#### **Non-Discretionary Investment Advisory Services**

QA also provides investment advisory services on a non-discretionary basis through model strategist programs, to participants in certain employer-sponsored retirement plans and through its financial planning services.

#### **Model Strategist Programs**

Since QA is not responsible for the trading, reporting and administrative services provided in model strategist programs, QA typically charges a lower fee for its services. The program sponsor or overlay manager will typically deduct QA's fee directly from the program accounts. In addition to QA's fee, the program sponsor, overlay manager and/or other service providers will also charge fees. Account holders can obtain more information regarding program and other fees directly from the sponsors.

The sponsor or overlay manager is generally expected to implement QA's model portfolios by investing program account assets in ETFs. In addition to QA's fee and the model strategist program or other fees, account holders will also have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the funds. These fees and expenses are disclosed in the funds' prospectuses, which are required to be delivered to investors at the time of purchase.

### Employer-Sponsored Retirement Plans

Through the Retirement Allocation Program (RAP), QA receives a fixed quarterly fee of \$350, payable in advance, for an annual total fee of \$1,400 (the “Program Fee”). For the initial quarter, the Program Fee is calculated on a monthly pro rata basis commencing at the beginning of the month the client receives QA’s initial investment recommendations. In the event the Retirement Allocation Program Client Agreement terminates after the commencement of a quarter, any unearned portion of the Program Fee will be promptly refunded to the client.

The Program Fee also covers the account aggregation services QA makes available to RAP clients.

QA’s model portfolios made available through the Retirement Allocation Program are generally implemented by participants through investments in mutual funds, although many employer-sponsored retirement plans also include other types of pooled investment vehicles. In addition to the Program Fee, as well as any fees charged by the sponsor, plan administrator or other service providers of the retirement plans in which clients participate, clients will also have to pay any sales loads, redemption fees and the like, as well as bear their proportionate share of the management fees and other expenses incurred by the mutual funds or other types of pooled investment vehicles. These sales loads, fees and expenses are disclosed in the mutual funds’ prospectuses (or other disclosure documents in the case of other types of pooled investment vehicles), which are required to be delivered to investors at the time of purchase and/or are available from or through the sponsors of the mutual funds or other types of pooled investment vehicles or the sponsors, plan administrators or other service providers of the retirement plans in which clients participate.

Clients may obtain information regarding any fees charged by the sponsors, plan administrators or other service providers of the retirement plans in which clients participate from or through those parties.

### Financial Planning

QA offers both comprehensive and limited financial planning services to clients through its QA Wealth Management division.

In the case of QA Wealth Management managed account clients, the client’s Advisory/Management Fee also covers the account aggregation and financial planning services QA makes available to QA Wealth Management managed account clients.

If the client is not a QA Wealth Management managed account client, QA generally charges a fixed fee for financial planning services. QA’s fee for financial planning services will depend on various factors, including the level, complexity and scope of the services required by the engagement. The fee for the financial planning services is provided to the client before entering into the Financial Planning Agreement, and is payable in advance (except for hourly fees, which are payable upon receipt of invoice(s)). If the client terminates the Financial Planning Agreement before delivery of the financial plan or limited financial planning report or reports, QA may in its sole discretion refund all or a portion of any financial planning fee paid in advance, with the amount of any refund depending on the work already done by QA in connection with the engagement. If the client requests additional financial planning services after delivery of a financial plan or limited financial planning report, e.g., updates to the plan or report, QA reserves the right to charge an hourly fee for those services. In other cases, QA may charge an hourly fee instead of a fixed fee for financial planning services. In all cases, the financial planning fee also covers the account aggregation services QA makes available to financial planning clients. QA may in its sole discretion rebate, refund or credit all or a portion of the client’s financial planning fee, including in circumstances where the client opens one or more managed accounts during or following the financial planning engagement.

In addition to QA’s financial planning fees, the client may also incur certain other fees, expenses and charges as result of decisions made by the client in implementing their financial plan. These charges may include, but are not limited to, legal, accounting or other professional advisor or service provider fees; investment advisory and management fees (whether

payable to QA or a third party investment advisor or manager); and various fees, expenses and charges associated with making investments or purchasing insurance or other products and services in implementing the plan.

**Item 6 - Performance-Based Fees and Side-By-Side Management**

QA does not enter into performance-based fee arrangements.



## **Item 7 - Types of Clients**

QA generally provides investment advisory services to individuals, trusts, pension and profit sharing plans and other retirement accounts, charitable organizations and corporations or other business entities, as well as to participants in retirement plans.

For QA Wealth Management managed account clients, the investment minimum for QA's investment strategies is generally \$50,000. However, the investment minimum for the QA Multi-Strategy investment strategies is \$200,000.

In the case of third-party investment management program and sub-advisory accounts, the investment management program sponsor or third-party Advisor may determine the minimum account balance.

In its sole discretion, QA allows accounts of any type with smaller balances, either systematically or in specific cases.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

QA provides its investment advisory and investment management services primarily to its direct wealth management clients, whom it serves through its QA Wealth Management division, although it also provides some services through arrangements with third party investment advisors and broker-dealers.

In providing services to its wealth management clients, QA encourages clients to take advantage of QA's financial planning services, with other investment advisory and management services being used to help clients achieve the goals outlined in their financial plans or reports. QA uses financial planning software licensed from third party vendors in providing financial planning services to its wealth management clients. QA recognizes that different investment styles, markets and asset classes cycle in and out of favor, and therefore generally recommends diversification of the client's overall investment portfolio, in many cases recommending allocations to different types of investment strategies.

In managing its investment strategies and model portfolios, QA relies on a wide range of information, including its proprietary quantitative research, research provided by third parties, and other available political, financial, economic and market information. QA's proprietary quantitative research analyzes relative price trends in various securities, including investment styles and sectors, international equities, and alternative and fixed income investments. In addition to making its own active investment decisions and recommendations, QA accesses third party investment managers through its review, selection and monitoring of actively managed mutual funds and exchange-traded funds ("ETFs"). The portfolio managers also weigh other considerations when making investment decisions or recommendations, including without limitation diversification, turnover and transaction costs.

In addition, QA's Investment Committee provides high-level oversight of all portfolio management matters, including investment strategy and model portfolio process, implementation and performance; review, discussion and approval of new investment strategies and model portfolios and enhancements to existing investment strategies and model portfolios; portfolio management projects; policies, procedures, systems, portfolio operations and trading; and determining the overall strategic priorities of the portfolio management team. The Investment Committee is chaired by QA's Chief Investment Officer, and in addition to the portfolio managers includes QA's Chief Executive Officer, QA's Chief Operating Officer, Chief Compliance Officer and General Counsel and QA's Senior Managing Director, with other employees participating by invitation in Investment Committee meetings as needed.

In conducting its proprietary quantitative research, QA analyzes a large amount of price information which QA obtains from third parties. QA does not guarantee the accuracy of this information or that it will be correctly captured or analyzed by QA. Any errors in the information, its capture or the analytical process may result in different research output, which may influence or cause QA to make different investment decisions or recommendations. QA will not be liable for investment decisions or recommendations resulting from inaccurate price information or errors in capturing or analyzing information.

QA utilizes ETFs, mutual funds and other types of pooled investment vehicles extensively in its investment strategies and model portfolios, and does not generally provide investment advice with respect to any other types of investments, including publicly-traded equity securities (other than ETFs), private placement securities and individual debt securities. However, financial plans or reports provided to financial planning clients may include within their scope other types of securities owned or subsequently acquired by the clients.

QA's investment strategies and model portfolios, like most investment strategies, involve the risk of loss of principal that clients should be prepared to bear. In all cases, investment returns and principal value will fluctuate and are subject to market volatility, so that a client's investment, when sold, may be worth more or less than the original cost. Various types of investments involve different kinds of risk, and there is no assurance that any investment strategy or model portfolio will be profitable. There is no guarantee that QA's approach to investing, its proprietary quantitative research and investment

strategies and model portfolios will be successful or that the opinions expressed by QA will prove to be true. Asset allocation does not ensure a profit or protect against a loss.

Past performance of QA's investment strategies and model portfolios is not a guarantee of future performance results. You should not assume that future performance results will be profitable or equal to past performance. Some of QA's investment strategies and model portfolios have a limited performance history. The use of QA's investment strategies or model portfolios may be appropriate for certain investors as part of their overall investment strategy. However, the use of investment strategies or model portfolios is not a substitute for personalized investment advice and investors should consult with their advisors before implementing any investment strategy or model portfolio. No investment strategy or model portfolio ensures a profit or protects against a loss.

QA's investment strategies and model portfolios are often implemented using ETFs, which are subject to various risks, including loss of principal, price volatility, reductions in distributions, competitive industry pressures, possible trading halts, securities lending and global, political and economic developments. These risks may be magnified in funds with concentrated holdings. In other cases, QA's investment strategies and model portfolios are implemented through mutual funds, which share many of these risks. While mutual funds are not traded on an exchange, and are therefore not subject to possible trading halts, investments in mutual funds do involve risks including loss of principal, price volatility, reductions in distributions, competitive industry pressures, securities lending, delays in payments of redemption proceeds for up to seven days and global, political and economic developments.

Many ETFs and mutual funds through which QA's investment strategies and model portfolios may be implemented may utilize derivative investments. Derivative investments will typically increase a fund's exposure to principal risks to which it is otherwise exposed, and may expose the fund to additional risks, including correlation risk, counterparty risk, hedging risk, leverage risk and/or liquidity risk. In addition to the potential for substantial losses (e.g., a relatively small movement in the price of an underlying security, instrument, commodity, currency or index may result in a much larger loss for a fund), the use of derivative instruments may lead to increased volatility for a fund.

In addition, many ETFs and mutual funds through which QA's investment strategies and model portfolios may be implemented are exposed to various additional risks often associated with index funds, including index tracking error, passive management and other risks. While index funds are designed to provide investment results that generally correspond to their underlying indices, index funds may not be able to exactly replicate the performance of the indices because of fund-related expenses and other factors. Index ETFs may also trade at a premium or discount to their net asset values, which may give rise to additional differences relative to their underlying indices.

In addition to mutual funds, some of QA's model portfolios may be implemented using other types of pooled investment vehicles, e.g., collective investment trusts, which share many of the characteristics of mutual funds and are subject to many of the risks associated with mutual funds.

In certain circumstances, QA uses different ETFs and mutual funds to implement its investment strategies, including without limitation in restricted versions of its investment strategies and in small accounts where certain ETFs or mutual funds may not be suitable investment vehicles.

In general, QA's investment strategies and model portfolios focus on total return, with the exception of the QA income strategies.

QA does not generally take tax considerations into account in making investment strategy and model portfolio-level investment decisions or recommendations.

Many of QA's investment strategies and model portfolios involve a high level of portfolio turnover, which may increase transaction costs, lower returns and have negative tax consequences in taxable accounts.

The ETFs and mutual funds through which QA's investment strategies and model portfolios may be implemented are subject to change at any time without prior notice.

### QA Managed Accounts

Some of the QA managed account investment strategies described below are also available as model portfolios on model strategist platforms.

### Investment Strategies, Investment Objectives and Summary Descriptions

QA organizes the various investment strategies available to its QA Wealth Management managed account clients into four categories, namely, dynamic, strategic, multi-strategy and specialty. However, there is overlap among the different categories in multiple respects, e.g., many of QA's dynamic strategies also include strategic positions, QA's multi-strategy investment strategies combine dynamic and strategic investment approaches, and QA's specialty strategies include both dynamic and strategic investment strategies. In addition, many of QA's strategic holdings are mutual funds and ETFs that are actively managed by third party investment managers.

### Dynamic Investment Strategies

Actively managed strategies which seek to capitalize on market opportunities or to reduce risk of out-of-favor investments.

### Strategic Investment Strategies

Buy and hold strategies with broad market exposure, utilizing funds with lower costs and a focus on greater tax efficiency.

### Multi-Strategy Investment Strategies

Strategies that combine the potential benefits and diversification of various asset classes and investment approaches, including dynamic and strategic.

### Specialty Investment Strategies

Targeted dynamic or strategic strategies for unique goals or to pair with other strategies.

### Dynamic Investment Strategies

#### Equity

#### QA Global Equity

QA Global Equity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US style, US sector and international ETFs. The strategy's allocation to international investments will vary, and is expected to be substantial at times.

#### QA US Equity

QA US Equity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US style and US sector ETFs.

#### QA Global Style

QA Global Style seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US style and broad index-based US or international ETFs. The strategy's allocation to international investments will vary, and is expected to be substantial at times.

## Balanced

### QA Global Balanced 80/20

QA Global Balanced 80/20 seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style, US sector and international equity ETFs, together with a focused allocation to domestic, global and/or international fixed income ETFs. The allocation of approximately 20% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

### QA Global Balanced 60/40

QA Global Balanced 60/40 seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style, US sector and international equity ETFs, together with a focused allocation to domestic, global and/or international fixed income ETFs. The allocation of approximately 40% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

### QA Global Balanced 40/60

QA Global Balanced 40/60 seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style, US sector and international equity ETFs, together with a focused allocation to domestic, global and/or international fixed income ETFs. The allocation of approximately 60% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

### QA Global Balanced 20/80

QA Global Balanced 20/80 seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style, US sector and international equity ETFs, together with a focused allocation to domestic, global and/or international fixed income ETFs. The allocation of approximately 80% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

## Fixed Income

### QA Tactical Bond

QA Tactical Bond seeks long-term growth of capital and secondarily current income. The strategy typically invests in a focused fixed income portfolio of domestic, global and/or international fixed income ETFs. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

## Strategic Investment Strategies

### Equity

#### QA Strategic Equity

QA Strategic Equity seeks long-term growth of capital. The strategy invests in broad equity index-based US and international ETFs, together with US and international equity ETFs with targeted emphasis on select investment factors or characteristics.

## Balanced

### QA Strategic Balanced 80/20

QA Strategic Balanced 80/20 seeks long-term growth of capital with current income. The strategy invests in broad equity index-based US and international ETFs, together with US and international equity ETFs with targeted emphasis on select investment factors or characteristics, with an allocation to the broad US bond market. The allocation of approximately 20% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments.

### QA Strategic Balanced 60/40

QA Strategic Balanced 60/40 seeks long-term growth of capital with current income. The strategy invests in broad equity index-based US and international ETFs, together with US and international equity ETFs with targeted emphasis on select investment factors or characteristics, with an allocation to the broad US bond market. The allocation of approximately 40% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments.

### QA Strategic Balanced 40/60

QA Strategic Balanced 40/60 seeks long-term growth of capital with current income. The strategy invests in broad equity index-based US and international ETFs, together with US and international equity ETFs with targeted emphasis on select investment factors or characteristics, with an allocation to the broad US bond market. The allocation of approximately 60% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments.

## Multi-Strategy Investment Strategies

### QA Multi-Strategy - Growth

QA Multi-Strategy - Growth seeks long-term growth of capital with current income. The strategy invests in US style, US sector and international equity ETFs, broad equity index-based US and international ETFs, domestic, global and/or international fixed income ETFs and alternative investments.

The strategy has a neutral equity allocation of approximately 75%, with approximately 20% allocated to fixed income and approximately 5% allocated to alternative investments. In its discretion, QA may under- or overweight the equity allocation within a range of approximately 60% to 90%, with corresponding changes in the allocation to fixed income, i.e., an increase in the equity allocation will result in a decrease in the fixed income allocation and vice versa. The strategy's allocation to fixed income will therefore vary, and is expected to be modest at times, but is otherwise generally expected to moderate the higher volatility typically associated with equity investments. The allocation to alternative investments is intended to provide reduced volatility relative to the global equity markets and a low correlation to the returns of traditional asset classes.

The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

### QA Multi-Strategy - Moderate

QA Multi-Strategy - Moderate seeks long-term growth of capital with current income. The strategy invests in US style, US sector and international equity ETFs, broad equity index-based US and international ETFs, domestic, global and/or international fixed income ETFs and alternative investments.

The strategy has a neutral equity allocation of approximately 55%, with approximately 37.5% allocated to fixed income and approximately 7.5% allocated to alternative investments. In its discretion, QA may under- or overweight the equity allocation within a range of approximately 40% to 70%, with corresponding changes in the allocation to fixed income, i.e.,

an increase in the equity allocation will result in a decrease in the fixed income allocation and vice versa. The strategy's allocation to fixed income will therefore vary but is generally expected to moderate the higher volatility typically associated with equity investments. The allocation to alternative investments is intended to provide reduced volatility relative to the global equity markets and a low correlation to the returns of traditional asset classes.

The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

#### QA Multi-Strategy - Conservative

QA Multi-Strategy - Conservative seeks long-term growth of capital with current income. The strategy invests in US style, US sector and international equity ETFs, broad equity index-based US and international ETFs, domestic, global and/or international fixed income ETFs and alternative investments.

The strategy has a neutral equity allocation of approximately 35%, with approximately 55% allocated to fixed income and approximately 10% allocated to alternative investments. In its discretion, QA may under- or overweight the equity allocation within a range of approximately 20% to 50% , with corresponding changes in the allocation to fixed income, i.e., an increase in the equity allocation will result in a decrease in the fixed income allocation and vice versa. The strategy's allocation to fixed income will therefore vary but is generally expected to moderate the higher volatility typically associated with equity investments. The allocation to alternative investments is intended to provide reduced volatility relative to the global equity markets and a low correlation to the returns of traditional asset classes.

The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

#### Specialty Investment Strategies

##### Equity

##### QA International Equity

QA International Equity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of international ETFs.

##### QA US Sector

QA US Sector seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US sector ETFs.

##### QA Sector Opportunity

QA Sector Opportunity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US sector mutual funds.

##### QA Equity Income

QA Equity Income seeks current income and long-term growth of capital. The strategy invests in a selection of mutual funds seeking current income and/or growth of capital utilizing various investment strategies, with an emphasis on US and international equity securities. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending on the investment decisions of the managers of funds in which the strategy invests.

##### QA Global Innovation

QA Global Innovation seeks long-term growth of capital. The strategy focuses on companies and structural themes that are influencing the future of global business and is implemented through ETFs. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending on the investment decisions of the managers of funds in which the strategy invests.

### QA ESG Strategy - All Equity

QA ESG Strategy - All Equity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US style and international equity ETFs. The strategy's allocation to international investments may vary, and is expected to be substantial at times.

QA manages the QA ESG Strategy - All Equity using a model portfolio made available by Nuveen Asset Management, LLC (Nuveen). The Nuveen model portfolio consists of allocations to ETFs which select securities for inclusion based on environmental, social and governance (ESG) criteria and may therefore forgo some market opportunities available to investment portfolios that do not use these criteria. While QA anticipates that it will generally follow the allocations or changes in allocations reflected or made in the Nuveen model portfolio, QA retains full investment discretion over client accounts, and QA may elect not to implement certain allocations or changes in allocations reflected or made in the Nuveen model portfolio.

### QA Access Equity

QA Access Equity seeks long-term growth of capital. The strategy is designed to accommodate management of small accounts which form part of larger overall client household relationships, until the accounts have grown to a size where they are suitable for more complex strategies. In order to facilitate investment by small accounts, the strategy invests in a single global equity mutual fund. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending on the investment decisions of the manager of fund in which the strategy invests.

### Balanced

#### QA ESG Strategy - Aggressive

QA ESG Strategy - Aggressive seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style and international equity ETFs, together with an allocation to fixed income ETFs. The allocation of approximately 20% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments may vary, and is expected to be substantial at times.

QA manages the QA ESG Strategy - Aggressive using a model portfolio made available by Nuveen Asset Management, LLC (Nuveen). The Nuveen model portfolio consists of allocations to ETFs which select securities for inclusion based on environmental, social and governance (ESG) criteria and may therefore forgo some market opportunities available to investment portfolios that do not use these criteria. While QA anticipates that it will generally follow the allocations or changes in allocations reflected or made in the Nuveen model portfolio, QA retains full investment discretion over client accounts, and QA may elect not to implement certain allocations or changes in allocations reflected or made in the Nuveen model portfolio.

#### QA ESG Strategy - Moderate

QA ESG Strategy - Moderate seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style and international equity ETFs, together with an allocation to fixed income ETFs. The allocation of approximately 40% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments may vary, and is expected to be substantial at times.

QA manages the QA ESG Strategy - Moderate using a model portfolio made available by Nuveen Asset Management, LLC (Nuveen). The Nuveen model portfolio consists of allocations to ETFs which select securities for inclusion based on environmental, social and governance (ESG) criteria and may therefore forgo some market opportunities available to investment portfolios that do not use these criteria. While QA anticipates that it will generally follow the allocations or changes in allocations reflected or made in the Nuveen model portfolio, QA retains full investment discretion over client



accounts, and QA may elect not to implement certain allocations or changes in allocations reflected or made in the Nuveen model portfolio.

#### QA ESG Strategy - Moderate Conservative

QA ESG Strategy - Moderate Conservative seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style and international equity ETFs, together with an allocation to fixed income ETFs. The allocation of approximately 60% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments may vary, and is expected to be substantial at times.

QA manages the QA ESG Strategy - Moderate Conservative using a model portfolio made available by Nuveen Asset Management, LLC (Nuveen). The Nuveen model portfolio consists of allocations to ETFs which select securities for inclusion based on environmental, social and governance (ESG) criteria and may therefore forgo some market opportunities available to investment portfolios that do not use these criteria. While QA anticipates that it will generally follow the allocations or changes in allocations reflected or made in the Nuveen model portfolio, QA retains full investment discretion over client accounts, and QA may elect not to implement certain allocations or changes in allocations reflected or made in the Nuveen model portfolio.

#### QA ESG Strategy - Conservative

QA ESG Strategy - Conservative seeks long-term growth of capital with current income. The strategy invests in a focused equity portfolio of US style and international equity ETFs, together with an allocation to fixed income ETFs. The allocation of approximately 80% of the strategy to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The strategy's allocation to international investments may vary, and is expected to be substantial at times.

QA manages the QA ESG Strategy - Conservative using a model portfolio made available by Nuveen Asset Management, LLC (Nuveen). The Nuveen model portfolio consists of allocations to ETFs which select securities for inclusion based on environmental, social and governance (ESG) criteria and may therefore forgo some market opportunities available to investment portfolios that do not use these criteria. While QA anticipates that it will generally follow the allocations or changes in allocations reflected or made in the Nuveen model portfolio, QA retains full investment discretion over client accounts, and QA may elect not to implement certain allocations or changes in allocations reflected or made in the Nuveen model portfolio.

#### QA Access Balanced

QA Access Balanced seeks long-term growth of capital with current income. The strategy is designed to accommodate management of small accounts which form part of larger overall client household relationships, until the accounts have grown to a size where they are suitable for more complex strategies. In order to facilitate investment by small accounts, the strategy invests in a single global balanced mutual fund. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending on the investment decisions of the manager of fund in which the strategy invests.

## Fixed Income

### QA Bond Income

QA Bond Income seeks current income and secondarily long-term growth of capital. The strategy invests in a selection of mutual funds seeking current income and/or growth of capital utilizing various investment strategies, with an emphasis on US and international fixed income securities. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending on the investment decisions of the managers of funds in which the strategy invests.

### QA Tax-Exempt Income

QA Tax-Exempt Income seeks current income exempt from federal income tax. The strategy invests in select national municipal bond mutual funds. Some income generated by the strategy may be subject to regular federal income tax or the federal alternative minimum tax. Income generated by the strategy will generally be subject to state and local income taxes. The mutual funds in which the strategy invests may also make distributions that are taxable to clients as ordinary income or capital gains. A redemption of shares in the mutual funds in which the strategy invests may also be taxable to the client.

## Alternative

### QA Tactical All Market

QA Tactical All Market seeks long-term risk-adjusted growth of capital with reduced volatility relative to the global equity markets and a low correlation to the returns of traditional asset classes. The strategy utilizes ETFs to invest in various traditional and alternative asset classes. The strategy's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's investment decisions and the investment decisions of the managers of funds in which the strategy invests.

QA's portfolio managers typically manage the QA Tactical All Market strategy within certain asset allocation constraints, but may depart from the normal structure of holdings in the strategy by allocating additional positions to lower risk asset classes when in their judgement appropriate investment opportunities do not exist within higher risk asset classes.

### QA Stable Growth

QA Stable Growth seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US sector ETFs, together with a selection of primarily alternative mutual funds.

### QA Stable Growth Opportunity

QA Stable Growth Opportunity seeks long-term growth of capital. The strategy invests in a focused equity portfolio of US sector mutual funds, together with a selection of primarily alternative mutual funds.

## Custom

### Custom Investment Strategies

In its discretion, QA may also make custom investment strategies available to certain clients with very large investment portfolios who need access to a broader range of investment solutions.

### Domestic and International Equity Allocations

In its discretion, QA may tactically adjust the allocations between domestic and international equities in QA's Global Equity, Global Balanced and Multi-Strategy strategies. The neutral allocation for each strategy's equity holdings is approximately 75% domestic and approximately 25% international (as represented by the benchmark for each strategy's equity component). In their discretion, QA's portfolio managers may determine whether to overweight the domestic or international equity allocations, relative to the neutral benchmark weights, and underweight the remaining region.

### Principal Investment Risks

The following description of principal investment risks relates to the investments which QA's investment strategies may make indirectly by purchasing ETFs and mutual funds which directly make these types of investments.

QA's Global Equity, US Equity, Global Style, Global Balanced, Strategic Equity, Strategic Balanced, Multi-Strategy, International Equity, Equity Income, Global Innovation, ESG Strategy, Access Equity, Access Balanced, Tactical All Market, Stable Growth, Stable Growth Opportunity and Custom strategies may make small-cap investments, which are subject to greater volatility than those in other asset categories. The illiquidity of the small-cap market may adversely affect the value of these investments.

QA's Global Equity, US Equity, Global Balanced, Multi-Strategy, US Sector, Sector Opportunity, Global Innovation, Tactical All Market, Stable Growth, Stable Growth Opportunity and Custom strategies may invest in sector funds, which may be adversely affected by the performance of the specific sector or group of industries on which they are based.

QA's Global Equity, Global Style, Global Balanced, Tactical Bond, Strategic Equity, Strategic Balanced, Multi-Strategy, International Equity, Equity Income, Global Innovation, ESG Strategy, Access Equity, Access Balanced, Bond Income, Tactical All Market, Stable Growth, Stable Growth Opportunity and Custom strategies may make international investments, which are subject to additional risks, such as currency fluctuation, confiscatory policy, financial, economic and political instability, potential illiquidity and heightened sovereign credit, downgrade and default risk, including investing in emerging markets, which may accentuate these risks. In light of these risks, these investments may not be suitable for all investors.

QA's Global Equity, US Equity, Global Balanced, Strategic Equity, Strategic Balanced, Multi-Strategy, US Sector, Sector Opportunity, Equity Income, Global Innovation, Access Equity, Access Balanced, Tactical All Market, Stable Growth, Stable Growth Opportunity and Custom strategies may make real estate investments, which are subject to the risks of changing economic conditions, declines in the value of real estate, increasing vacancies or declining rents, and liquidity, counterparty and credit risks.

QA's Global Balanced, Tactical Bond, Strategic Balanced, Multi-Strategy, ESG Strategy (except QA ESG Strategy - All Equity), Access Balanced, Bond Income, Tax-Exempt Income, Tactical All Market, Stable Growth, Stable Growth Opportunity and Custom strategies may invest in fixed income investments, which are subject to various risks, including variations in market value, changes in interest rates, reductions in income, illiquidity, credit, downgrade and default risk, prepayments and extensions, corporate events, tax ramifications and other risks.

In all cases, bonds are subject to availability, change in price, and market and interest rate risk if sold prior to maturity. Bond values generally decline as interest rates rise. US government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, even the sovereign debt of the US is subject to credit, downgrade and default risk, with major credit rating agencies lowering the long-term sovereign credit rating of the US in 2011. As a general matter, corporate bonds are considered higher risk investments than US government bonds, but normally offer a higher yield. In addition to market and interest rate risk, corporate bonds are subject to credit, downgrade and default risk, as well as risks based on the quality of the issuer, corporate events, coupon rate, and maturity and redemption features. High yield or "junk" bonds are not investment grade securities, involve heightened risks and generally should only be used on the advice of your wealth management advisor or third-party Advisor as part of a diversified portfolio.

In addition to other general bond risks, tax-exempt securities may be reclassified by the Internal Revenue Service, or a state tax authority, as paying taxable interest income and future legislative, administrative or court actions could adversely impact the qualification of income from a tax-exempt security as tax-free. Such reclassifications or actions could cause interest from a security to become taxable, possibly retroactively, subjecting investors to increased tax liability. In addition, such reclassifications or actions could cause the value of the security to decline. The municipal securities markets can be very

volatile and significantly affected by unfavorable legislative or political developments and adverse changes in the financial conditions of municipal securities issuers.

In addition to the risks described above in this Item 8 relating to investments in small-cap, sector, international, real estate and fixed income securities, the QA Tactical All Market strategy may also make investments in a variety of asset classes which are subject to potentially greater risks than other asset categories. Some ETFs in which the strategy invests may have limited liquidity. The QA Tactical All market strategy may invest in commodity funds, which may be subject to volatility in the value of futures contracts and other instruments relating to underlying commodities, together with fluctuations in the prices of the underlying commodities themselves, as well as leverage, liquidity, counterparty and credit risks. Investments in precious metal funds are subject to substantial price fluctuation and potential loss. The strategy may also invest in currency funds, which are subject to similar risks as international investments, including fluctuations in exchange rates.

The QA Tactical All Market strategy may invest in inverse funds which seek to deliver the opposite of the performance of the indices they track, where the divergence may be significantly greater than traditional index funds. Similar to index funds, inverse funds may not be able to exactly replicate the performance of the indices because of ETF-related expenses and other factors. In addition, inverse funds seek to track the inverse of their indices only on a daily basis, which means significant divergence can occur over time, especially when the effect of compounding is taken into account. Inverse funds pursue their investment objectives by investing in various financial instruments, including derivatives, which are subject to leverage, liquidity, counterparty and credit risks. Inverse funds may engage in short selling in order to emulate the inverse performance of a particular index.

Although many ETFs are registered under the Investment Company Act like traditional mutual funds, some ETFs, in particular those that invest in commodities and currencies, are not registered as investment companies under the Investment Company Act. The QA Tactical All Market strategy typically includes investments of this type. These types of ETFs may be formed as limited partnerships or grantor trusts and may have unique tax consequences. The tax reports and information with respect to holdings of this type may include Form 1099s, Schedule K-1s, and/or other information, such as grantor trust tax reporting statements. Clients should consult with their tax advisors regarding these matters before investing in these types of ETFs.

In addition to the risks described above in this Item 8 relating to investments in small-cap, sector, international, real estate and fixed income securities, the QA Multi-Strategy, Stable Growth, Stable Growth Opportunity and Custom strategies may also make investments in a variety of asset classes which are subject to potentially greater risks than other asset categories. See the discussion of the risks relating to the Tactical All Market strategy above for a general description of some of the risks often associated with various types of alternative investments.

The QA Multi-Strategy, Stable Growth and Stable Growth Opportunity strategies invest in mutual funds and/or ETFs utilizing or providing exposure to a variety of alternative strategies, and which make a range of alternative and other investments, with each of these strategies and investments involving its own specific risks. These risks are described in the prospectuses for the alternative mutual funds and ETFs in which the strategies invest, which are required to be delivered to investors at the time of purchase, and are also available from the sponsors of the alternative mutual funds and ETFs.

#### Restricted Investment Strategies

QA manages restricted versions of many of its managed account strategies using different securities to those used in the standard versions of the strategies, due to investment restrictions imposed by non-affiliated third party employers which limit their employees' permissible investments. These investment restrictions may arise from the identity of the sponsor, the holdings or other factors, characteristics or considerations relating to the ETFs or mutual funds, and are determined by the non-affiliated third party employers in their sole discretion. Please note that the investment restrictions imposed by the third party employers are subject to change at any time without prior notice.

These investment restrictions are not imposed on the standard versions of QA’s managed account strategies. For this reason, the restricted and standard versions of the strategies will hold different securities, and their investment performance results, portfolio turnover and transaction costs will also vary relative to each other. These variations may be material.

### **Employer-Sponsored Retirement Plans**

Through its Retirement Allocation Program (RAP), QA makes available a range of equity and balanced model portfolios to retirement plan participants in certain employer-sponsored retirement plans. RAP clients can select (with the assistance of their QA wealth management advisor) a model portfolio depending on their financial situation and investment needs, goals and objectives. Following the client’s model portfolio selection, clients receive QA’s investment recommendations (which are based on updates to the model portfolio) regarding selected mutual funds and other investment alternatives available under the retirement plans. Clients generally receive notification of QA’s investment recommendations at the beginning of each month (following updates to the model portfolio at the end of the previous month), depending on their selected model portfolio. Clients (and not QA) exercise full investment discretion and are responsible for implementing the investment recommendations to the extent they choose to do so.

QA’s model portfolios made available through RAP are generally implemented by participants through investments in mutual funds, which involve risks including loss of principal, price volatility, reductions in distributions, competitive industry pressures, delays in payments of redemption proceeds for up to seven days and global, political and economic developments. These risks may be magnified in mutual funds with concentrated holdings. In addition, QA’s model portfolios may be implemented by participants through investments in index mutual funds, which are subject to various other risks often associated with index funds, including the use of derivatives, potential for high turnover, securities lending, index tracking error and other risks. While index funds are designed to provide investment results that generally correspond to their underlying indices, index funds may not be able to exactly replicate the performance of the indices because of fund-related expenses and other factors.

In addition to mutual funds, many employer-sponsored retirement plans include other types of pooled investment vehicles e.g., collective investment trusts, which share many of the characteristics of mutual funds and are subject to many of the risks associated with mutual funds.

### **Model Portfolios, Investment Objectives and Summary Descriptions**

The investment alternatives available to participants in employer-sponsored retirement plans vary from one employer or plan to another, and are subject to change. In addition, the features, requirements and limitations provided or imposed by plan administrators or sponsors differ among platforms and plans. In light of these and other factors, some of the model portfolios listed below are not available to participants in certain employer-sponsored retirement plans. In addition, model portfolios that are available to participants in various employer-sponsored retirement plans are structured and/or implemented differently from one plan to another.

In reviewing the model portfolios, investment objectives and summary descriptions below, please note that QA’s portfolio managers may include asset allocation or balanced mutual funds in the “equity” component of one or more of our RAP model portfolios when, based on their evaluation of our proprietary quantitative research in light of other available political, financial, economic and market information, they believe that it is in the best interests of the model portfolios to do so. In these circumstances, the overall equity allocation of the model portfolios will generally be lower than when QA’s portfolio managers select only equity mutual funds for the equity component of the model portfolios.

In the case of the QA Balanced model portfolios, all references to the allocation of a portion of the model portfolio to fixed income securities are over and above any allocation to fixed income securities resulting from the inclusion of any asset allocation or balanced mutual funds in the “equity” component of the model portfolio.

## Equity

### QA Ultra Growth

The QA Ultra Growth model portfolio seeks long-term growth of capital. It represents a focused equity portfolio of domestic, international, global and/or specialty mutual funds and other pooled investment vehicles. The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

### QA Growth

The QA Growth model portfolios seek long-term growth of capital. In each case, the model portfolio represents a focused equity portfolio of domestic, international, global and/or specialty mutual funds and other pooled investment vehicles. The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

## Balanced

### QA Balanced 80/20

The QA Balanced 80/20 model portfolios seek long-term growth of capital with current income. In each case, the model portfolio represents a focused equity portfolio of domestic, international, global and/or specialty equity mutual funds and other pooled investment vehicles, together with an allocation to fixed income investments. The allocation of approximately 20% of the model portfolio to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

### QA Balanced 60/40

The QA Balanced 60/40 model portfolios seek long-term growth of capital with current income. In each case, the model portfolio represents a focused equity portfolio of domestic, international, global and/or specialty equity mutual funds and other pooled investment vehicles, together with an allocation to fixed income investments. The allocation of approximately 40% of the model portfolio to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

### QA Balanced 40/60

The QA Balanced 40/60 model portfolios seek long-term growth of capital with current income. In each case, the model portfolio represents a focused equity portfolio of domestic, international, global and/or specialty equity mutual funds and other pooled investment vehicles, together with an allocation to fixed income investments. The allocation of approximately 60% of the model portfolio to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments. The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

### QA Balanced 20/80

The QA Balanced 20/80 model portfolio seeks long-term growth of capital with current income. It represents a focused equity portfolio of domestic, international, global and/or specialty equity mutual funds and other pooled investment vehicles, together with an allocation to fixed income investments. The allocation of approximately 80% of the model portfolio to fixed income securities is generally expected to moderate the higher volatility typically associated with equity investments.

The model portfolio's allocation to international investments will vary, and is expected to be substantial at times, depending both on QA's model portfolio decisions and the investment decisions of the managers of the mutual funds and other pooled investment vehicles.

#### Principal Investment Risks

The following description of principal investment risks relates to the mutual funds and other pooled investment vehicles which QA may include in its model portfolios and recommend to RAP participants.

The investment recommendations made by QA to RAP participants in their employer-sponsored retirement plans depend on the available mutual funds and other pooled investment vehicles, including the quality, number and range of the mutual funds and other pooled investment vehicles, selected by the employer or other third party plan fiduciaries for inclusion as investment alternatives in the plans. QA is limited to making recommendations from among the mutual funds and other pooled investment vehicles selected for inclusion in the plans. In addition, the sponsors of certain mutual funds and other pooled investment vehicles, particularly index-based mutual funds and other pooled investment vehicles, are not willing to accommodate large inflows and outflows of assets on a regular basis. In these cases, QA is limited to recommending such mutual funds and other pooled investment vehicles as long term strategic holdings, rather than making tactical recommendations which would typically involve holding such mutual funds and other pooled investment vehicles for shorter periods of time. QA's ability to implement a tactical investment approach may also be limited if the selection of mutual funds and other pooled investment vehicles included as investment alternatives in the plans becomes limited as to quality, number or range, either in general or with respect to particular types of investments.

Some mutual funds and other pooled investment vehicles available to participants in employer-sponsored retirement plans, e.g., international mutual funds and other pooled investment vehicles, may be subject to redemption fees if sold before the expiration of a specified holding period. In order to provide participants with exposure to certain types of investments, QA may recommend for purchase mutual funds and other pooled investment vehicles that are subject to redemption fees. In these cases, losses may result if the mutual fund or other pooled investment vehicle subsequently declines in value and, in order to avoid redemption fees, QA does not recommend the sale of the mutual fund or other pooled investment vehicle, or QA recommends the sale of the mutual fund or other pooled investment vehicle during the minimum holding period and the participant incurs the redemption fees. In addition, many mutual funds and other pooled investment vehicles, plan administrators and/or sponsors impose round trip or excessive trading limitations or penalties when participants effect purchase and sale transactions in one or more mutual funds or other pooled investment vehicles within a short period of time. While QA seeks to avoid recommendations that might result in round trip or excessive trading limitations or penalties, the rules regarding such trading activity are not always specific or clear, and the tactical nature of many of QA's recommendations often results in shorter holding periods. The risks described in this paragraph may be exacerbated to the extent that participants do not promptly implement QA's purchase recommendations, since in these circumstances participants may not satisfy any applicable minimum holding period by the time QA recommends the sale of a mutual fund or other pooled investment vehicle, even if sufficient time has elapsed since QA recommended the purchase of the mutual fund or other pooled investment vehicle.

The particular risks associated with the various mutual funds and other pooled investment vehicles available for investment by RAP participants differ from one another. As a general matter, the risks associated with different types of investments described elsewhere in this Item 8 also apply to similar investments QA may recommend to RAP participants. Clients will find disclosure regarding the specific risks associated with the mutual funds and other pooled investment vehicles available for investment by RAP participants in their prospectuses (or other disclosure documents in the case of other types of pooled investment vehicles), which are required to be delivered to investors at the time of purchase and/or are available from or through the sponsors of the mutual funds or other pooled investment vehicles or the sponsors, plan administrators or other service providers of the retirement plans in which clients participate.

**Additional Investment Strategy, Model Portfolio and Risk Information**

The description of investment strategies, model portfolios and risks in this Item 8 is limited and does not identify or fully describe all information and risks associated with the investments which QA may make or recommend. If you would like additional information regarding QA's investment strategies and model portfolios, please contact QA's compliance department by telephone at 866-767-8007, by writing to 10400 Yellow Circle Drive, Suite 303, Minnetonka, MN 55343, or by email to [compliance@QAinvest.com](mailto:compliance@QAinvest.com). You will also find additional information regarding the ETFs, mutual funds and other types of pooled investment vehicles in which QA invests or which QA may recommend in their prospectuses (or other disclosure documents in the case of other types of pooled investment vehicles), including disclosure regarding the specific risks associated with the ETFs, mutual funds and other types of pooled investment vehicles. These prospectuses or other disclosure documents are required to be delivered to investors at the time of purchase, and are also available from or through the sponsors of the ETFs, mutual funds and other types of pooled investment vehicles. Investors should consider the investment objectives, risks, fees and expenses of the ETFs, mutual funds and other types of pooled investment vehicles carefully before investing.



**Item 9 - Disciplinary Information**

QA has no disciplinary information to disclose.

## **Item 10 - Other Financial Industry Activities and Affiliations**

### **TD Ameritrade Institutional President's Council**

QA serves on the TD Ameritrade Institutional President's Council ("Council"). The Council consists of former Advisor Panel Members who are independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent Advisor community. QA may be called upon periodically to attend Advisor Panel meetings and participate on conference calls or outreaches on an as needed basis. Investment advisors are invited to serve on the Council for an ongoing term by TDA Institutional senior management. At times, Council members are provided confidential information about TDA Institutional initiatives. Council Members are required to sign a confidentiality agreement. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Council members. The benefits received by QA or its personnel by serving on the Council do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic and other benefits by QA or its related persons in and of itself creates a conflict of interest and may indirectly influence QA's choice or recommendation of TD Ameritrade for custody and brokerage services.

As described below in Item 12 and Item 14, QA has other relationships and arrangements with TD Ameritrade through which QA receives economic and other benefits from TD Ameritrade. As noted above, clients should be aware that the receipt of economic and other benefits by QA or its related persons creates a conflict of interest and may indirectly influence QA's choice or recommendation of TD Ameritrade for custody and brokerage services. However, QA's receipt of these economic and other benefits and the resulting conflict of interest does not diminish QA's duty to act in the best interest of its clients, which requires it to make recommendations regarding custody and brokerage services based on its analysis of the client's best interests, regardless of any benefits that it receives. As a result of past participation in TD Ameritrade's AdvisorDirect referral program, QA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Please see Item 14 below for more information regarding TD Ameritrade's AdvisorDirect referral program.

### **Benefits from Sponsors of ETFs and Mutual Funds**

QA receives various benefits from sponsors of ETFs and mutual funds, which QA utilizes extensively in its investment strategies and model portfolios. These benefits include access to investment expertise, trading advice and support and other benefits. QA and its employees also receive gifts, business entertainment and business events from sponsors of ETFs and mutual funds, including invitations and payment of expenses relating to industry conferences, meetings and other events. Please see Item 14 below for additional information regarding QA's gifts, business entertainment and business events policy.

These benefits create a conflict of interest and may compromise QA's independence and objectivity in selecting the ETFs and mutual funds available for investment in QA's investment strategies. QA seeks to manage this conflict of interest, and to select for inclusion in its investment universes those securities that QA believes will be in the clients' best interests regardless of any benefits that QA receives, by using a disciplined, multi-factor due diligence process in evaluating and selecting the ETFs and mutual funds available for investment in QA's investment strategies.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As required by the Investment Advisers Act, QA has adopted a Code of Ethics to set forth the standards of conduct expected of governors, officers and employees and to require compliance with the federal securities laws. It also includes general principles to guide all of our governors, officers and employees in the conduct of our business. Among other matters, the Code describes various fiduciary duties, requires the maintenance of confidentiality of client information and provides for the detection and prevention of insider trading. The Code also covers the personal securities trading activities of governors, officers and employees to avoid transactions that could be, or appear to be, in conflict with the best interest of our clients, and requires the periodic reporting of personal securities transactions and holdings in accordance with the Investment Advisers Act.

QA regularly recommends securities to clients or buys or sells securities for client accounts at or about the same time that QA buys or sells the same securities for QA governors, officers and employees who are also clients. In addition, QA sometimes recommends securities to clients or buys or sells securities for client accounts at or about the same time that QA recommends the same securities to participants in the QA 401(k) plan (who include QA governors, officers and employees) or at or about the same time that QA governors, officers and employees buy or sell the same securities for their own accounts.

The Code of Ethics ensures that these practices do not create a conflict of interest by generally prohibiting governors, officers and employees from buying, selling or holding exchange-traded products in their own accounts, since QA uses exchange-traded funds (ETFs) extensively in its investment strategies. However, governors, officers and employees may open client accounts with QA, in which case QA is permitted to buy, sell or hold ETFs in their accounts, with the accounts of governors, officers and employees generally participating in trades along with all other client accounts utilizing the same investment strategy. QA typically aggregates orders for the accounts of governors, officers and employees with those for other client accounts purchasing or selling the same security through the same Broker-Dealer/Custodian at the same time. In this way, QA ensures that the accounts of governors, officers and employees are not benefited at the expense of other client accounts.

These practices do not create conflicts of interest when investing in mutual funds, the other type of security which QA may recommend to clients or buy or sell for client accounts, because mutual funds (unlike ETFs) are not traded on securities exchanges. As a result, QA recommending mutual funds to governors, officers or employees or buying, selling or holding mutual funds in their client accounts does not have any impact on the price of mutual funds which QA may recommend to other clients or buy or sell for their accounts (or vice versa), or otherwise disadvantage other clients in any way. Similarly, QA governors, officers and employees buying or selling mutual funds for their own accounts does not disadvantage other clients in any way.

In addition, the Code requires governors, officers and employees to place the interests of clients first at all times and to avoid any actual or potential conflicts of interest, including while engaging in personal securities transactions.

Additional provisions related to personal securities transactions and other matters are included in the Code of Ethics. Upon request, QA will provide any client or prospective client with a copy of the Code.

## **Item 12 - Brokerage Practices**

### **General**

Clients who access QA's discretionary investment management services through QA Wealth Management are required to select one of the Broker-Dealer/Custodians currently made available by QA to QA Wealth Management clients, namely TD Ameritrade, Inc., Fidelity Investments ("Fidelity") or Pershing Advisor Solutions LLC ("Pershing"). In some cases, the client will be limited in their choice of Broker-Dealer/Custodian by virtue of restrictions imposed by the client's employer. Clients who access QA's services through third-party platforms, subadvisory relationships or other third-party arrangements will typically be required to utilize the Broker-Dealer/Custodian(s) made available by the third-party investment advisor or broker-dealer.

### **Benefits from Broker-Dealer Custodians**

QA does not use client brokerage commissions (or markups or markdowns) to pay for research or other products or services received by QA from Broker-Dealer/Custodians or third parties in connection with client securities transactions, commonly referred to as "soft dollar benefits". However, QA receives various publications, communications, access to information or other benefits (some of which may include research) from Broker-Dealer/Custodians used to provide custody and trade execution services to client accounts.

QA participates in the institutional advisor program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors and their clients services which include custody of securities, trade execution, clearance and settlement of transactions. QA receives economic and other benefits from TD Ameritrade, Fidelity and Pershing through its clients' use of those Broker-Dealer/Custodians and from other Broker-Dealer/Custodians utilized by clients. Please see the additional disclosures under Item 14 below.

These various benefits create a conflict of interest, since they could indirectly influence QA's choice or recommendation of one Broker-Dealer/Custodian over another, rather than the client's best interest in receiving most favorable execution. However, in all circumstances in which QA recommends a broker-dealer to a client, it makes its recommendation based on its analysis of the client's best interests, having regard to brokerage pricing, the quality of client service, where any other existing accounts of the client are custodied, the client's preferences and any other relevant considerations, regardless of any benefits QA receives. As a result of past participation in TD Ameritrade's AdvisorDirect referral program, QA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Please see Item 14 below for more information regarding TD Ameritrade's AdvisorDirect referral program.

### **Brokerage Discretion**

QA does not have discretion to determine which broker-dealer will be used to execute transactions in client accounts, the commission rates paid by client accounts or, if applicable, the client's election to pay asset-based brokerage fees or per-transaction commissions or select any other brokerage account options available to clients. However, in the case of the Broker-Dealer/Custodians available to clients who access QA's services through QA Wealth Management, QA seeks to negotiate with the Broker-Dealer/Custodians to make competitive asset-based fee schedules and/or commission rates available to QA Wealth Management clients.

In all cases where QA is responsible for trading, QA effects all securities transactions for the client's account with or through the client's appointed Broker-Dealer/Custodian. In this regard, clients are required to direct QA to execute all transactions through the client's Broker-Dealer/Custodian. These types of brokerage arrangements, commonly referred to as "directed brokerage", may prevent QA from obtaining the most favorable execution of client transactions and may cost clients more

money due to the potential of higher commissions, greater spreads or less favorable net prices. You should note that not all investment advisers require clients to direct brokerage.

In light of these directed brokerage arrangements, QA does not have discretion to seek best execution among alternative custodians. However, QA nonetheless seeks to obtain the most favorable execution available through the client's selected custodian by seeking to ensure that the client's total cost or proceeds in each transaction is the most favorable available under the circumstances. QA reviews trading information on an ongoing basis to evaluate the execution of custodians executing client transactions.

Upon the opening of a client account, QA may recommend one of the Broker-Dealer/Custodians available to clients who access QA's discretionary investment management services through QA Wealth Management, namely TD Ameritrade, Fidelity or Pershing. In all circumstances in which QA recommends a broker-dealer to a client, it makes its recommendation solely based on its analysis of the client's best interests, having regard to brokerage pricing, the quality of client service, where any other existing accounts of the client are custodied, the client's preferences and any other relevant considerations. As noted in Item 14 below, QA has agreed not to solicit clients referred to it through the TD Ameritrade AdvisorDirect program to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

#### **Bunched Trades**

QA will frequently purchase or sell the same security at the same time for a number of clients using the same Broker-Dealer/Custodian. In these cases, trades in the same security for clients using the same Broker-Dealer/Custodian will be "bunched" in a single order in an effort to obtain the best execution available with or through the Broker-Dealer/Custodian, or to allocate equitably among QA's clients differences in prices that might have been obtained if client orders were individually placed. In bunched trades, all transactions (including any partial fills) executed through the same Broker-Dealer/Custodian will be averaged as to price and allocated among QA's clients participating in the bunched trade in proportion to the purchase and sale orders placed for each client on any given day. QA will bunch trades for accounts of clients using the same Broker-Dealer/Custodian, including accounts of QA and its governors, officers and employees, provided no client is favored by QA over any other client. QA does not receive any additional compensation in connection with bunched trades.

#### **Trade Rotation Policy**

To ensure fairness among its managed account clients, QA rotates the order in which it places bunched trades with the principal Broker-Dealer/Custodians its clients use. However, bunched trades placed with Broker-Dealer/Custodians with lower levels of QA client assets do not participate in the rotation, because the limited trading volume associated with these trades means they are unlikely to have any market impact. In an effort to avoid clients using these Broker-Dealer/Custodians being systematically disadvantaged by the large bunched trades which may affect the market price, QA initiates the smaller bunched trades before the large bunched trades.

To ensure fairness to clients using QA's model portfolios on model strategist platforms, it is QA's policy to provide model portfolio updates to model strategist platforms at the time it initiates trading for its managed account clients, subject only to any website interface constraints or timing considerations relating to specific model strategist platforms. QA does not guarantee that it will be able to meet any trading deadlines imposed by the platform sponsors or overlay managers. The model strategist program sponsors or overlay managers generally place trades for their client accounts on either the same day or the next trading day following receipt of the model portfolio updates.

**Trade Error Policy**

In all cases, it is QA's policy to address trade errors equitably, although the specific procedures available to correct trade errors may vary from one Broker-Dealer/Custodian to another.

In general, QA seeks to correct trade errors through QA's error account at the Broker-Dealer/Custodian so that the client account is not affected by the error in any way.

In the case of errors that cannot be corrected outside the client account, QA seeks to correct the trade error in the client account. In these circumstances, the client will receive the benefit of any net gain resulting from the error. If QA is responsible for a trade error resulting in a net loss, QA seeks to place the client as nearly as possible in the same financial position the client would have been in had the error not been made.

In all cases, if the Broker-Dealer/Custodian is responsible for a trade error, QA will request the Broker-Dealer/Custodian to correct the error.

### **Item 13 - Review of Accounts**

QA's portfolio managers review QA's investment strategies (which determine the holdings in client managed accounts) on an ongoing basis.

QA's Portfolio Operations Analyst or another QA employee also reviews client managed accounts as needed, including daily reconciliation to client custodial accounts, with heightened review in connection with trades or other account activity, as well as review in the course of regular month end procedures.

QA Wealth Management managed account clients are periodically invited to schedule a review with their wealth management advisor. The frequency of the invitations varies depending on the size, scope and complexity of the client relationship. However, it is up to each client to decide whether they wish to schedule a review, and the frequency of reviews varies. QA also periodically reminds QA Wealth Management managed account clients to notify their wealth management advisor if there is any change in their financial situation and investment needs, goals and objectives, and if a client does notify QA of a change, this will typically result in a review. In addition, any client may request a review with their wealth management advisor at any time.

In the case of clients who have utilized QA's financial planning services, the QA wealth management advisor will typically refer to the client's financial plan or reports during the review. However, it is the client's responsibility to monitor any change in the client's financial situation, including the client's financial, investment and other needs, goals and objectives, and to notify QA in writing if the client wishes to request an update to their financial plan or reports.

Managed account clients who access QA's investment management services through a third-party Advisor should contact their third-party Advisor if they wish to schedule a review.

Managed account clients will receive an account statement from their Broker-Dealer/Custodian, at least quarterly, indicating all amounts disbursed from the client's account, including all Management or Advisory/Management, Brokerage and Advisory Fees. In addition, account statements will typically include account values, holdings and transaction history, and may include other information provided by the Broker-Dealer/Custodian. QA also provides quarterly account statements to QA Wealth Management managed account clients, which include information regarding account values, holdings and performance, as well as information regarding QA's fees. Managed account clients who access QA's investment management services through a third-party Advisor may also receive statements providing information regarding their accounts from the third-party Advisor. QA Wealth Management managed account clients are encouraged to compare the account statements they receive from their Broker-Dealer/Custodian with those they receive from QA.

Clients participating in QA's Retirement Allocation Program (RAP) may request a review at any time, with informal reviews often taking place when clients consult with their wealth management advisor regarding the implementation of QA's investment recommendations, with clients generally receiving notification of the investment recommendations at the beginning of each month. QA does not have access to RAP client retirement accounts on the plan administrator's platform, and is therefore not able to directly review or provide statements regarding the accounts. However, clients receive statements providing information regarding their accounts from the plan administrator.

## **Item 14 - Client Referrals and Other Compensation**

### **TD Ameritrade Programs**

As disclosed under Item 12 above, QA participates in TD Ameritrade's institutional advisor program and QA regularly recommends TD Ameritrade to clients for custody and brokerage services. There is no direct link between QA's participation in the program and the investment advice it gives to its clients, although QA receives economic and other benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving QA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to QA by third-party vendors. TD Ameritrade may also pay for business consulting and professional services received by QA's related persons. QA and its clients also receive dedicated service and support from the Elite Service Team at TD Ameritrade.

Many of these products or services assist QA in managing and administering client accounts, which may include accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help QA manage and further develop its business enterprise. Some of the products and services made available by TD Ameritrade through the program benefit QA but do not benefit its client accounts. The benefits received by QA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As a result of past participation in TD Ameritrade's AdvisorDirect program, QA received client referrals from TD Ameritrade. TD Ameritrade established the AdvisorDirect program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise QA and has no responsibility for QA's management of client portfolios or QA's other advice or services. QA is no longer participating in the AdvisorDirect program for purposes of receiving client referrals but it is obligated to pay TD Ameritrade an on-going fee for each successful client relationship established as a result of past referrals, in an amount equal to 25% of the advisory fee that the client pays to QA ("Solicitation Fee"). QA will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by QA from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client, who hired QA on the recommendation of such referred client. QA will not charge clients referred to it through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its other clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. In addition, QA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

As part of its fiduciary duties to clients, QA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic and other benefits by QA or its related persons from TD Ameritrade described above creates a conflict of interest and may indirectly influence QA's choice or recommendation of TD Ameritrade for custody and brokerage services.

In all circumstances in which QA recommends a broker-dealer to a client, it makes its recommendation solely based on its analysis of the client's best interests, having regard to brokerage pricing, the quality of client service, where any other existing accounts of the client are custodied, the client's preferences and any other relevant considerations.



### **Other Broker-Dealer Custodian Platforms**

QA or its related persons also receive similar products and services (excluding client referrals) from other Broker-Dealer/Custodians utilized by clients, including Fidelity and Pershing.

Many of these products and services assist QA in managing and administering client accounts, which may include accounts not maintained at Fidelity and Pershing. Other products and services made available by Fidelity and Pershing are intended to help QA manage and further develop its business enterprise. Some of the products and services made available by Fidelity and Pershing benefit QA but do not benefit its client accounts. The benefits received by QA or its personnel do not depend on the amount of brokerage transactions directed to Fidelity and Pershing.

As part of its fiduciary duties to clients, QA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic and other benefits by QA or its related persons from Fidelity and Pershing described above creates a conflict of interest and may indirectly influence QA's choice or recommendation of Fidelity and Pershing for custody and brokerage services.

In all circumstances in which QA recommends a broker-dealer to a client, it makes its recommendation solely based on its analysis of the client's best interests, having regard to brokerage pricing, the quality of client service, where any other existing accounts of the client are custodied, the client's preferences and any other relevant considerations.

### **Third-Party Investment Management Programs, Model Strategist Platforms and Sub-Advisory Arrangements**

QA's investment management services are in some instances made available through third-party investment management programs, model strategist platforms and sub-advisory arrangements. The third parties sponsoring or utilizing these third-party programs, platforms and arrangements provide an economic benefit to QA by selecting or recommending QA to provide investment management services to their clients and/or making QA's investment strategies available in, on or through their programs, platforms and arrangements.

In some cases, QA has agreed to reduce its fees, pay administration or other fees or make other payments to the third parties sponsoring or utilizing these third-party programs, platforms and arrangements, which may be required as a condition to QA participating in the programs, platforms and arrangements. The reduced fees payable to QA, and the administration or other fees or other payments paid or made by QA to third parties, described in this Item 14 create a conflict of interest and may compromise the independence and objectivity of the third parties in their selection of investment managers for their clients.

### **Gifts, Business Entertainment and Business Events**

In accordance with QA's gifts, business entertainment and business events policy, QA and its employees give and receive gifts, business entertainment and business events to and from clients, vendors and other third parties.

The guiding principle of the policy is that QA and its employees shall not give or receive gifts, business entertainment or business events that may compromise the ongoing business judgment of QA, the employee or any other party, or the ongoing or prospective business relationships of QA. It is the policy of QA that all gift, business entertainment and business event activities of employees must be professional, appropriate and of reasonable value.

QA requires employees to report any gift, business entertainment or business event received from a client, vendor or other third party having a value in any instance of \$100 or more. QA also maintains a list of holiday gifts received from vendors, clients and others. QA maintains records of gifts, business entertainment and business events provided to others in various forms, including lists of holiday and other gifts provided to clients and other persons, as well as reports derived from QA's accounting records.

QA periodically reviews reports regarding gifts, business entertainment and business events to monitor compliance with this policy.

## **Item 15 - Custody**

It is QA's policy to not accept physical possession of client funds or securities in circumstances that would result in QA having custody of such funds or securities within the meaning of Rule 206(4)-2 under the Investment Advisers Act (the Custody Rule).

However, QA has custody of client funds and securities in circumstances where a client authorizes QA to instruct the client's custodian to deduct QA's advisory fee directly from the client's account, and also where a client has provided QA with a third party standing letter of authorization. In those circumstances, it is QA's policy to comply with the Custody Rule and relevant SEC guidance and interpretations relating thereto.

In the case of clients whose funds and securities are maintained by a qualified custodian, the qualified custodian will send quarterly, or more frequent, account statements directly to the clients, which clients should carefully review. QA also sends quarterly statements to QA Wealth Management managed account clients, as well as certain other QA managed account clients, and clients are urged to compare the account statements they receive from the qualified custodian with those they receive from QA and to immediately bring any questions to the attention of QA.

## **Item 16 - Investment Discretion**

In many cases, QA manages client accounts on a discretionary basis. In these cases, clients may impose reasonable restrictions on the management of their accounts. Account restrictions must be provided to QA in writing. Clients are advised that QA cannot apply restrictions to securities held within ETFs or mutual funds. If QA cannot accommodate a client's restrictions, or in its sole discretion determines the restrictions are unreasonable, QA will notify the client. Unless the client's restrictions can be modified, QA may not be able to accept its appointment as investment manager. Client-imposed restrictions may have an impact, which may be material, on account performance.

Before QA assumes discretionary authority to manage securities on its client's behalf, a signed Client Agreement must be received indicating the selected investment strategy. Investment strategy changes must be provided to QA in writing by the client or the client's third-party Advisor.

## **Item 17 - Voting Client Securities**

Upon request, QA will vote proxies of client securities over which QA has investment discretion. In these cases, QA votes all proxies in accordance with its Proxy Voting Policy. QA will not take instructions from clients regarding how to vote any proxy.

QA is able to vote proxies only if the client has made the appropriate arrangements with the client's Broker-Dealer/Custodian. In addition, QA will only vote proxies if it in fact receives proxy materials from the Broker-Dealer/Custodian, and will not request proxy materials which the Broker-Dealer/Custodian does not provide to QA.

QA does not vote proxies of securities that are transferred into a client's account, typically when the client first opens the account, and held temporarily in the account pending their sale and the investment of the proceeds in accordance with the QA investment strategy selected by the client. If QA receives proxy materials with respect to securities of this type, QA will promptly forward the materials to the client to enable the client to vote the proxies if the client chooses to do so.

The general principle of the Proxy Voting Policy is to vote any beneficial interest in an equity security prudently and solely in the best long-term economic interest of clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

All proxies are reviewed by QA's Proxy Officer. The Proxy Officer votes the proxies according to QA's Proxy Voting Policy and consults the Chief Compliance Officer regarding issues not clearly covered by the Proxy Voting Policy.

QA will at all times seek to avoid material conflicts of interest in the voting of proxies. However, where material conflicts of interest arise, QA is committed to resolving the conflict in its clients' best interests. In situations where QA perceives a material conflict of interest, QA may disclose the conflict to the relevant clients and obtain their consent before voting; defer to the voting recommendation of the relevant clients or an independent third-party provider of proxy services; send the proxy directly to the relevant clients for a voting decision; vote the proxy based on the voting guidelines set forth in this Proxy Voting Policy if the application of the guidelines to the matter presented involve little discretion on the part of QA; or take such other action in good faith (after consultation with counsel) which would protect the best interests of clients.

QA will provide a copy of its proxy voting policy and procedures to clients upon request. To obtain information about how QA voted securities, clients can request such information directly from QA.

**Item 18 - Financial Information**

QA has no financial information to disclose.