Wayne Hummer Investments, LLC

Disclosure for Retirement Accounts

Introduction.
This disclosure is applicable to individual retirement accounts, or other accounts, the assets of which are subject to section 4975 of the Internal Revenue Code ("Code") (collectively "IRAs"), or the Employee Retirement Income Security Act ("ERISA") (a "Plan", and together with IRAs, "Retirement Accounts"). This disclosure may supplement other agreements you have entered into with us with respect to any Retirement Account.

The standards described in this disclosure apply to certain services we provide to any Retirement Account. These standards become effective on June 9, 2017 ("Effective Date"), or such later date as the United States Department of Labor ("DOL") regulations and exemptions related to the definition of investment advice become effective and applicable, and continue until January 1, 2018. We are providing this disclosure to you, as a retirement investor, to comply with the DOL's Impartial Conduct Standards ("ICS") and the various Prohibited Transaction Exemptions ("PTE" or "PT Exemptions") including Class Exemptions for Principal and Riskless Principal Transactions under PTE 2016-02 and Insurance and Fixed Rate Annuity Contracts under PTE 84-24, between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs. These exemptions enable us, our financial advisors, affiliates or related entities to receive compensation associated with any Covered Recommendations (as defined below) provided to you with respect to any Retirement Account.

Impartial Conduct Standards.
For purposes of complying with the ICS and PT Exemptions, as applicable, we will adhere to and in fact comply with certain impartial conduct standards when providing you with Covered Recommendations (as defined below). These impartial conduct standards are described in this section.

1. ***Best Interest Investment Advice.*** When we provide you with a Covered Recommendation on or after the Effective Date, we will provide such recommendation in the best interest of your Retirement Account at the time the recommendation is made. This means that any "Covered Recommendation" will reflect the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on your stated investment objectives, risk tolerance, financial circumstances, and investment needs, without regard to the financial or other interests of WHI, your financial advisor or any affiliate or related entities.

2. ***Reasonable Compensation.*** Our Covered Recommendations will not cause WHI (and our affiliates and related entities) or your financial advisor to receive, directly or indirectly, compensation for the totality of the services provided or made available that is in excess of reasonable compensation within the meaning of ERISA section 408(d)(2) or section 4975(d)(2) of the Code.

3. ***Best Execution.*** For purposes of complying with the PT Exemptions, where applicable, on or after the Effective Date, we will seek to obtain the best execution reasonably available under the circumstances with respect to execution of our Covered Recommendations. This means that we will comply with the terms of FINRA rules 2121 (Fair Prices and Commissions) and 5310 (Best Execution and Interpositioning), or any successor rules in effect at the time of the transaction, as interpreted by FINRA, with respect to Covered Recommendations for which we rely on the PT Exemption.

4. ***Statements We Make to You.*** For purposes of complying with the PT Exemption, as applicable, on or after the Effective Date, statements we make to you about a Covered Recommendation (as defined below), our fees and compensation, our material conflicts of interest, and any other matters relevant to your investment decisions will not be materially misleading at the time they are made.

Covered Recommendations.
This Disclosure applies solely with respect to the following recommendations (but only to the extent that they are not Excluded Recommendations, Transactions, and Services as provided below) made on or after the Effective Date with respect to your Retirement Account (each a "Covered Recommendation") regarding:

- Transfers, rollovers or distributions of assets from a Plan or IRA to a Retirement Account with us.
- Transfer of Retirement Account assets among different advisory and brokerage accounts or programs we offer.
- Purchasing, selling, holding, or exchanging shares of or interests in securities or other property in a brokerage Retirement Account, or a non-discretionary advisory Retirement Account, including where such recommendations are executed on a principal basis.
- Selection of other persons to provide investment advisory or management services.
- Investment policies, strategies, or portfolio composition.
- The selection of investment account type (brokerage or advisory).

Excluded Recommendations, Transactions, and Services.
We or your financial advisor may provide you with other information, suggestions, recommendations or services that are not Covered Recommendations and are not covered by this disclosure. These suggestions, recommendations, and services include:

- Communications that are not reasonably intended to be viewed or construed as a suggestion for you to take a particular course of action with respect to your Retirement Account assets;
- Information, education, or general descriptions of our services or the products that we make available to you as a retirement investor, and about the factors a retirement investor should generally consider when deciding whether to transfer assets from a Plan or IRA to another Plan or IRA, or between accounts or programs;
- Recommendations for us or an affiliate to provide investment advisory or management services;
- Recommendations with respect to taxable accounts that you maintain with us;
- Self-directed, or unsolicited, transactions or trades;
- Transactions that WHI (or one of its agents) implements on a discretionary basis;
- Recommendations to hold or sell a security or other property that was acquired prior to

the Effective Date;

- Recommendations to continue to adhere to a systematic purchase program established prior to the Effective Date;
- Recommendations to exchange investments within a mutual fund family or variable annuity contract pursuant to an exchange privilege or rebalancing program that was established prior to the Effective Date, so long as we do not receive more compensation (as a fixed dollar amount or percentage of assets) than we were entitled to receive prior to the Effective Date; and
- Any communications that are not fiduciary investment advice (as contemplated in section 4975(e)(3) of the Code).

Understanding Our Conflicts and How We Are Compensated

As we work with you to achieve your financial goals, it is important that you understand the potential benefits, risks, fees and costs of the services we provide. When we do business with you, our financial advisors may benefit financially from fees, commissions and other payments from you and our investment providers. These financial incentives may create a conflict of interest. This disclosure document will give you information about how we are compensated and potential conflicts of interest.

We encourage you to read all disclosure information and understand the fees, commissions and costs for our services before you invest. Ask your financial advisor questions to help you understand the commissions and fees you may pay. Review your account statements and trade confirmations for the fees, commissions and costs that impact your account(s) with us.

How may we be conflicted?

Wayne Hummer Investments, LLC ("WHI") is owned by Wintrust Bank, a subsidiary of Wintrust Financial Corporation ("Wintrust"), a financial holding company based in Rosemont, Illinois. Wintrust engages in the business of providing traditional community banking services, primarily in the Chicago metropolitan area and southern Wisconsin, and operates other financing businesses on a national basis through several non-bank subsidiaries. The Company conducts its businesses through three segments: community banking, specialty finance, and wealth management. Affiliated companies related by common ownership or control include:

- Community Banking
  - Lake Forest Bank & Trust Company
  - Hinsdale Bank & Trust Company
  - Wintrust Bank
  - Libertyville Bank & Trust Company
  - Barrington Bank & Trust Company, N.A.
  - Crystal Lake Bank & Trust Company, N.A.
  - Northbrook Bank & Trust Company
  - Schaumburg Bank & Trust Company, N.A.
  - Village Bank & Trust
  - Beverly Bank & Trust Company, N.A.
  - Town Bank
  - Wheaton Bank & Trust Company
  - State Bank of The Lakes

- Old Plank Trail Community Bank, N.A.
- St. Charles Bank &Trust Company

- Specialty Finance
  - First Insurance Funding
  - Wintrust Mortgage, a subsidiary of Barrington Bank & Trust
  - Tricom

- Wealth Management
  - Wayne Hummer Investments, LLC ("WHI") – Introducing Broker/Dealer, Investment Advisor, and Insurance Agency based in Chicago, IL, Member FINRA / SIPC
  - Great Lakes Advisors, LLC ("GLA") – SEC Registered Investment Advisor based in Chicago, IL, a wholly owned subsidiary of Wintrust Financial Corporation
  - The Chicago Trust Company, N.A. ("TCTC") – A National Trust Company offering trust products and services including: corporate trustee services, personal trust administration, estate settlement, land trusts, 1031 exchanges, guardianships, and special needs trusts

- Contractual Relationships:
  - Wells Fargo Clearing Services, LLC ("WFCS") – a Broker/Dealer and Clearing Firm for which WHI is Introducing broker
  - Correspondent Banks via Networking Agreement – revenue sharing agreements for which Financial Advisors are employees of the Bank whereas commissions and fees are paid by WHI to the Correspondent Bank

- Other industry activities include:
  - Investment Company (Mutual Fund) Managers – Affiliate GLA acts as an Investment Adviser for the Great Lakes Mutual Funds in the Managed Portfolio Securities Trust: Great Lakes Small Cap Opportunity Fund, Great Lakes Bond Fund, Great Lakes Large Cap Value Fund, Great Lakes Disciplined Equity Fund, and Great Lakes International Smaller Company Fund for which Great Lakes Advisors' renders investment advisory services for a fee. When appropriate, recommendations may be given directing account assets into these or other investment companies. In that event, WHI only, but not WFCS, will waive or refund the pro rata portion of its quarterly fee attributable to that portion of the client's brokerage account invested in affiliated funds for the period of time such assets are so invested.
  - General Partner to Private Fund – Affiliate GLA is the general partner and adviser to the GLA Partners, L.P., an unregistered private placement pursuant to Regulation D under the Securities Act.
  - Insured Bank Deposits – Accounts that are under the custody of WFCS typically will participate in a "sweep program" for the automatic purchase and redemption of cash balances in connection with free credit balances and to satisfy debit balances in the custodial brokerage accounts (net of free credit balances). Through the Insured Bank Deposits Program ("IBD"), available cash balances in a WHI brokerage account are automatically deposited into one or more interest-bearing, bank deposit accounts established at Wintrust Community Banks ("Program Banks") and insured by the Federal Deposit Insurance Corporation ("FDIC").

    WHI will receive a fee directly from the Program Banks for each Brokerage Account that has funds swept to the Program Banks as part of the sweep arrangement. The fee is currently

$25 per Brokerage Account per Program Bank. This fee is subject to change to a maximum of $40 per Brokerage Account and WHI may waive all or part of this fee. A portion of this fee may go to WFCS for 1099 reporting, statement issuance and other services provided in connection with IBD. Other than applicable fees imposed by WHI on a Brokerage Account, there will be no charge, fee, or commission imposed on your account with respect to IBD. The Program Banks may benefit financially from cash balances held in IBD. As with other depository institutions, the profitability of the Program Banks is determined in large part by the difference or "spread" between the interest they pay on deposit accounts, such as IBD, and the interest or other income they earn on loans, investments and other assets. The participation of the Program Banks in IBD is expected to increase their respective deposits and, accordingly, may increase their overall profits.

How is WHI compensated for financial services?

We earn our revenue primarily from our clients. We also earn revenue from product providers and money managers ("Third Parties") who assist us in providing the investments and services that we offer you. Our revenue from clients includes:

- Commissions you pay when you buy or sell equities and fixed-income investments (This applies when we act as agent or broker)
- Markups and markdowns on your price when you buy or sell securities (This applies when we act as principal, buying and selling from our own inventory, primarily for bonds)
- Sales loads (sales charges), commissions or concessions derived from the offering and sale of various managed investments such as mutual funds, unit investment trusts, insurance and annuities
- Fees based on the value of your assets in our advisory programs
- Financial Planning Fees
- Interest on margin accounts
- Miscellaneous fees such as fees for IRAs, wire transfers, returned checks, transfer on death services and money market fund low balances.

Fees may be calculated using one or any combination of these methods. Account administration-related expenses can also be charged as one-time fees or ongoing expenses. One-time fees are typically related to start-ups, conversions and terminations of service. Ongoing fees are recurring expenses relating to continuing investment advice or management.

Certain charges may also be imposed by custodians, brokers, and other third parties such as: fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Our revenue from third parties includes:

- Revenue sharing on the products you purchase and hold from mutual fund and insurance companies.
- Payments from mutual fund and insurance companies in the form of 12b-1 fees, service fees, trail commissions or renewal commissions, which are fully described in the applicable prospectus or offering document.
- Payments from insurance companies when we provide services for Inforce Contract Service Agreements

- Underwriting discounts or concessions associated with new offerings of equity, fixed-income or other investments.
- Payments from unit investment trust ("UIT") sponsors in the form of gross acquisition profits and volume concession.
- Payments from third parties to offset expenses for financial advisor client and training meetings.

How is your financial advisor compensated for financial services?

Your financial advisor provides information about investment strategies to help you achieve your goals. Depending on your account type, your financial advisor may provide investment recommendations. While some investments provide more compensation to your financial advisor than others, this should not influence the investment information or recommendations you may receive. Please ask your financial advisor to explain any commissions, sales charges, markups and fees which may apply to any investments you may consider. Your financial advisor receives compensation and may receive opportunities which may be interpreted as a type of incentive, including:

Transaction Based Compensation

Your financial advisor's compensation is determined by crediting commissions and fees earned during the month adjusted for expenses (extension charges, registration fees, etc.). Your financial advisor's payout is determined by his or her overall production level. Overall production level falls into the following categories:

- **Affiliated Business**
  - *Great Lakes Advisors* – the fee is charged quarterly, based on the value of your account. If you participate in a Wrap Account Program, you pay one all-inclusive fee, a portion of which is used to compensate the money manager(s). A portion of your fees are paid to your financial advisor. For information about our advisory services, please see WHI's ADV Part 2A and Supplemental Wrap Brochure.
  - *The Chicago Trust Company* – your financial advisor is paid a portion of the management fee for trust accounts referred to TCTC.

- **Transactional Business** – When you buy or sell certain investments, such as stocks, bonds, unit investment trusts, exchange-traded funds and certificates of deposit, you pay a commission or a sales charge. We refer to these as brokerage commissions. The amounts differ depending on the investment and the amount of the transaction.

- **Non-Transactional Business** – fees and continuing commissions not based on a brokerage transaction. Non-Transactional Business includes:
  - *WFA Advisory programs fees* – The fee is charged quarterly, based on the value of your account. If you participate in a Wrap Account Program, you pay one all-inclusive fee, a portion of which is used to compensate the money manager(s). A portion of your fees are paid to your financial advisor. For information about our advisory services, please see WHI's ADV Part 2A and Supplemental Wrap Brochure.
  - *Mutual Funds & Annuities (fixed and variable)* – In addition to compensation for the initial transaction, mutual fund and insurance companies pay 12b-1 fees to their managers or distributors for allocation to brokerage firms, in part for assistance in marketing and distributing their shares or products. We pay a portion of these fees to your financial advisor. The 12b-1 fee reduces the amount you earn from your mutual

fund or variable annuity. For more detailed information, ask your WHI financial advisor for a prospectus.

- *Insurance* – Your financial advisor is paid on the initial sale and will continue to receive compensation based on premiums paid.
- *Non-Traded REITs* – Non-traded real estate investment trusts are long-term investment vehicles with limited liquidity. As complex investments, these products typically pay higher commissions to FA's.

WHI pays your financial advisor a portion of these charges and payments based on his or her production payout. Production payouts allow for financial advisors to receive a higher commission the higher their overall production level. Furthermore, products such as Non-Traded REIT's and Annuities typically have higher commission payouts per sale; therefore, financial advisors may have an incentive to recommend these products.

Non-Cash Compensation:
Your Financial Advisor may also receive compensation not from commissions or fees as outlined above. This compensation may include, but is not limited to, the following ways:

- **Training and Marketing Incentives** – Third-party providers such as mutual fund wholesalers, annuity wholesalers, UIT wholesalers, retirement plan distributors, investment managers and insurance distributors may reimburse and/or pay certain expenses on behalf of financial advisors and the firm, including expenses related to training, marketing, and educational efforts. Training of our financial advisors can occur at branch offices, seminars, meetings or other events. The training focuses on, among other things, the third-party provider's products, suitability, product literature and product support. This could lead our financial advisors to focus on these third-party providers' products versus other third-party products which are not represented at these meetings, seminars and/or conferences. We want you to understand that this creates a potential conflict of interest for WHI and our financial advisors to the extent that this may cause them to prefer those third-party providers that have greater access, marketing opportunities and educational opportunities.
- **Non-Cash Incentives** – Third-party providers may also give financial advisors gifts up to a total value of $100 per provider per year, consistent with FINRA regulations. Third parties may occasionally provide financial advisors with meals and entertainment of reasonable value. Additionally, third parties may provide WHI and our financial advisors with access to certain research tools or software which is developed or subscribed to by third parties. We want you to understand that this creates a potential conflict of interest to the extent that this may cause the firm or our financial advisors to prefer those third-party providers that provide these noncash incentives.
- **Awards and Recognition** – We strive to recognize the success of our financial advisors with awards and recognition, which may be interpreted as a type of incentive.
  - <u>Wintrust Financial Corporation Stock</u> – Your financial advisor is eligible to earn restricted shares of Wintrust stock based on production thresholds.
  - <u>Deferred Compensation Program</u> – Your financial advisor is eligible for the firm to make a contribution to a deferred compensation program. The minimum annual production required is $600,000 in revenue.
  - <u>Chairman's Club</u> – Each year, the top financial advisors are recognized based on their production and contributions to WHI. In addition, a conference is held that

recognizes and offers additional training for these financial advisors which places them among the leaders of WHI.

Are There Other Material Conflicts?

- Financial advisors receive a portion of fees and commissions on their accounts, so have a financial interest in recommending transactional activity and/or advisory services. The financial advisors may also receive more compensation from recommending one product over another, e.g., an annuity may pay a higher front-end commission than does a mutual fund.
- We and our financial advisors have a conflict of interest in recommending that a client roll over account assets from a plan or IRA from which it does not provide any services or receive compensation to an IRA in which it will provide services and receive compensation.
- We and our financial advisors have a conflict of interest in recommending products such as mutual funds, annuities, and unit investment trusts ("UITs") that pay sales loads, shareholder servicing, distribution (12b-1s), or other fees to us.
- We receive revenue-sharing payments from sponsors of mutual funds, UITs, and annuities in a lump sum or based upon gross sales, assets under management, or other factors. We may use these payments to provide training, educational presentations, and sales support activities to our Financial Advisors. We may use revenue-sharing payments to help fund events designed to recognize our top Financial Advisors. We have a conflict of interest in recommending funds that make such payments.
- Mutual fund, UIT, and annuity companies sponsor client events and educational meetings. We have a conflict in recommending providers that provide these sponsorships.
- We have a conflict of interest in recommending investment products such as mutual funds and UITs to which we provide advisory or other services or in recommending our own affiliated separately managed account advisory programs.
- We serve many clients and therefore have conflicts of interest when allocating the orders of multiple clients or servicing multiple clients; however, we have processes to make sure all clients are treated fairly.
- We sweep un-invested cash into a short-term investment vehicle (such as an FDIC-insured sweep or a money market fund) for cash management and may receive commissions or fees associated with client investments in those short-term investment vehicles. We have a conflict of interest when recommending our proprietary IBD Program.
- When we execute trades of financial instruments (e.g. stocks or bonds) on behalf of our clients, we may earn more revenue if we purchase or sell the product from our own inventory (a principal trade) than we would if we executed the trade with a third party in the market (an agency trade).
- Financial advisors may receive compensation when joining WHI for the time and effort involved in transitioning new clients to WHI. Such compensation is based on factors including the financial advisor's prior earnings, assets transferred to WHI and earnings while at WHI. Therefore, financial advisors may have a conflict when asking you to change firms with them.

How to obtain additional information?

WHI will provide advice that is in the best interest of retirement investors at the time of the recommendation; that we will not cause the firm, financial adviser, affiliates or related entities to receive compensation for their services that would exceed reasonable compensation within the meaning of the Employee Retirement Income Security Act; and that the recommended transaction, fees and compensation, material conflicts of interest, and any other matters related to the retirement investor's investment decisions will not be misleading at the time they are made. A material conflict of interest exists when WHI or an affiliate has a financial interest that a reasonable person would conclude could affect the exercise of its best judgment as a fiduciary in providing advice to an IRA account owner.

WHI identified, documented, and adopted measures to prevent the material conflicts of interest from causing violations of the impartial conduct standards. WHI's policies and procedures require that neither WHI nor (to the best of its knowledge) affiliates use or rely on quotas, appraisals, performance or personnel actions, bonuses, contests, special awards, differential compensation or other actions or incentives that are intended or would reasonably be expected to cause advisers to make recommendations not in the best interest of the retirement investor.

If you have any questions or complaints concerning your account or this disclosure, please contact our compliance department:

Contact by Mail:
Wayne Hummer Investments
Attn: Compliance Department
231 S. LaSalle St. 13th Floor
Chicago, IL 60604

Contact by Phone:
800-621-4477
Ask for Compliance

Contact by Email:
whcompliance@wintrustwealth.com

Securities, Insurance Products, Financial Planning, and Investment Management Services are offered through WHI Investments, LLC (Member FINRA/SIPC), founded in 1931. Trust and Investment Management services offered by The Chicago Trust Company, N.A. and Great Lakes Advisors, LLC, respectively. Investment products such as stocks, bonds, and mutual funds are not insured by the FDIC or any federal government agency, not bank guaranteed or a bank deposit, and may lose value.