

## **NOTICE REGARDING LOCKWOOD'S PARTICIPATION IN THE SEC SHARE CLASS SELECTION DISCLOSURE INITIATIVE**

If you were a participant in Lockwood's AdvisorFlex Portfolio Product during the period January 1, 2014 and September 5, 2015, you may be entitled to a refund of certain mutual funds fees. Some mutual funds have share classes that charge 12b-1 fees to cover fund distribution, marketing and shareholder services. These recurring fees, which are included in a mutual fund's total annual fund operating expenses vary by share class, and are typically between 25 to 100 basis points. They are deducted from investments in the mutual fund on an ongoing basis and paid to the fund's distributor or principal underwriter, which then remits the 12b-1 fees to the broker-dealer which sold and/or serviced the shares. Lockwood's affiliated broker dealer, Pershing Advisor Solutions, received 12b-1 fees in connection with these investments. Lockwood provided some disclosure information regarding these fees, however the level of disclosure may have been inadequate, so that investors could fully understand this conflict of interest. As a result, Lockwood has agreed to settle an enforcement action with the SEC, which has entered an Order requiring Lockwood to do the following:

- Correct the relevant disclosures related to mutual fund share class selection and 12b-1 fees.
- Update policies and procedures so they are reasonably designed to prevent violations of the Advisers Act in connection with disclosures regarding mutual fund share class selection.
- Reimburse affected investors for the amount of the 12b-1 fees received by Lockwood's affiliate during this time frame, totaling \$45,872, together with prejudgment interest of an additional \$6,315.98, subject to a qualifying minimum amount.

You do not need to take any action, if you are entitled to a reimbursement under this program Lockwood be contacting you directly with the details of your refund.