



## Wrap Fee Program Brochure

Form ADV – Part 2A Appendix 1 Information

April 1, 2021

UMB Financial Services, Inc.  
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This wrap fee program brochure provides information about the qualifications and business practices of UMB Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at 1.800.842.9999. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about UMB Financial Services, Inc., including a copy of its Form ADV Part 1, is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

UMB Financial Services, Inc. is a SEC Registered Investment Adviser. Registration does not imply a certain level of skill or training.

UMB Financial Services, Inc.  
Member FINRA, SIPC

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## Item 2 – Material Changes

Beginning on February 10, 2021, UMB Financial Services added three equity-only investment options to the Fund Advisor Program, following the Fund Advisor program services outlined in this Brochure. No changes have been made to the Program's definition of "eligible" and "ineligible" assets because the equity-only portfolios utilize the same approved eligible asset list used to select equities for the multi-asset portfolio.

While this is a material change to the portfolio options offered by UMB Financial Services, it is not a material change for existing accounts within the Fund Advisor, Advisor Select or Institutional Fixed Income programs. Those programs continue to use the same portfolio manager selection process, eligible asset lists, portfolio evaluations, and all other program factors.

Please contact your local UMB Financial Services Advisor, or give us a call at 1.800.842.9999, if you have any questions about the contents of this brochure. You may also contact Jeff Maxwell, Chief Administrative Officer for UMB Financial Services, Inc. at 816.860.8790, or send an email request to [jeffrey.maxwell@umb.com](mailto:jeffrey.maxwell@umb.com) to receive a copy of our current brochure. We will provide you with a new brochure at any time without charge.

Additional information about UMB Financial Services, Inc. is available on the Internet at [www.finra.org](http://www.finra.org). You can search this site by a unique identifying number, known as a CRD number. The CRD for UMB Financial Services, Inc. is 17073.

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

UMB Financial Services, Inc. (“UMB Financial Services” or “UMBFSI”) is a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, an investment adviser registered with the SEC, and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

In addition to offering investment advice, UMBFSI offers products and services, including corporate bonds, equities, mutual funds, exchange traded funds (“ETFs”), municipal securities, government bonds, variable annuities and options.

There are important differences between brokerage and investment advisory services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. It is important that you consider this information in the context of your personal risk tolerance and investment goals. This brochure discusses UMBFSI’s advisory services and it provides information that you should consider before becoming a client of the UMB Managed Account Solutions Program.

### **A. UMB Managed Account Solutions Program**

UMBFSI is the sponsor of the UMB Managed Account Solutions Program (“the MAS Program”) providing investment advisory services to clients. Financial Advisors are representatives of UMBFSI, the sponsor of the MAS Program.

The MAS Program consists of three options: the UMB Fund Advisor® Program (Fund Advisor), the UMB Advisor Select Program (Advisor Select) and the UMB Institutional Fixed Income Program. The Fund Advisor and Advisor Select Programs use the same risk tolerance questionnaire, although the asset allocation models and approved list of Eligible Assets varies, depending upon the selected program. The Institutional Fixed Income Program will utilize client-specific guidelines outlined within an Investment Policy Statement (“IPS”) and investments are selected from pre-approved asset classes. The Financial Advisor will assist you in selecting which program is appropriate for you.

Entities eligible for the UMB Institutional Fixed Income Program include institutions, corporations, municipalities and investment advisory firms.

In the MAS Program, a Financial Advisor uses a thorough review process to understand your investment needs and goals. In order to develop your overall investor suitability profile, the Financial Advisor will review and evaluate your financial position and goals, risk tolerance, time horizon and other pertinent information identified through completion of an investment questionnaire (the “risk tolerance questionnaire” or “questionnaire” used for the Fund Advisor and Advisor Select Programs) or within an institutional customer’s IPS (used for the Institutional Fixed Income Program). As a result of this assessment, your Financial Advisor will assist Fund Advisor and Advisor Select clients in selecting the appropriate asset allocation model and will assist institutional customers with implementing an investment strategy meeting IPS directives within UMBFSI Program guidelines.

Your MAS account will be serviced through a brokerage account with UMBFSI. This brokerage account will be used to execute transactions and hold the assets in your MAS account. UMBFSI is an introducing firm and clears through National Financial Services, LLC (“NFS”). As the clearing firm, NFS executes the security transactions in the account and is the custodian of the assets in the account.

Fund Advisor and Advisor Select asset allocation models and the related approved list of Eligible Assets are created and maintained by UMB Bank, n.a.’s (an affiliate of UMBFSI) Investment Management Division (“UMB Investment Management”). Within the Institutional Fixed Income Program, municipal bond credit rating requirements, municipal portfolio residency controls and issuer limitations for the Institutional Program’s fixed income investments are aligned with UMB Bank, n.a.’s Fixed Income Group’s asset management practices.

UMBFSI officers often consult with groups responsible for developing model portfolios’ allocation to various asset classes and

selecting securities held within the Fund Advisor model portfolio. UMBFSI Officers cannot be members of the group that approves those selections.

UMBFSI has signed an agreement with Envestnet Asset Management Services, Inc. ("Envestnet") and National Financial Services LLC ("NFS") whereby Envestnet has agreed to provide certain technical support, billing services, software and trading services in connection with client accounts. The services provided by Envestnet vary, depending upon your chosen MAS Program. The fees for Envestnet's services are included in the MAS Program Fee that you pay. As the clearing firm for UMBFSI, NFS provides certain accounting and other software to UMBFSI in connection with client securities transactions. UMBFSI compensates NFS out of the MAS Program Fee.

### **UMB Fund Advisor® Program Services**

The UMB Fund Advisor Program is a discretionary investment advisory program where you appoint the portfolio manager to invest, reinvest and otherwise manage, at their discretion, the securities in your account based upon the investment objectives selected by you. You can include reasonable investment restrictions, not to account exceed 10% of your account's total market value; however, you cannot direct the portfolio manager to buy or sell specific securities. Account restrictions often result in account performance varying from model portfolio returns.

#### **Investment Services**

Your Financial Advisor will assist you in selecting one of a number of model portfolios created and maintained by UMB Investment Management upon the completion of an investment questionnaire. Each model portfolio is constructed by using one of the asset allocation models and a selection of securities listed on the approved list of Eligible Assets, representing various investment styles and asset classes.

UMB Investment Management serves as the portfolio manager for the UMB Fund Advisor Program. UMB Investment Management selects and monitors the funds in the UMB Fund Advisor Program for performance, adherence to investment style and changes in management. UMB Investment Management selects and monitors equities and preferred stock held in the UMB Fund Advisor Program through utilizing a proprietary portfolio selection process and ensures an ongoing adherence to a proprietary 10-point assessment process for equities and ongoing credit worthiness for preferred stock. UMB Investment Management receives initial and updated information about each client, including any reasonable investment restrictions on the management of a client's account.

In addition to undergoing UMB Investment Management's performance, style and management reviews, securities selected for the Environmental, Social and Governance (ESG) portfolio are subject to additional screens and analysis, including the exclusion of any funds holding alcohol, tobacco, gambling, weapons or nuclear positions. Moreover, funds selected for ESG portfolios are evaluated against a proprietary assessment of additional characteristics, including, but not limited to:

- **Environmental:** The environmental analysis includes a review of various factors such as emissions, energy usage, energy mix, water usage, environmental policies and oversight, and investments in climate-related infrastructure.
- **Social:** Social factors considered can include CEO pay ratios, gender pay ratios, employee turnover, gender diversity, part-time worker ratios, non-discrimination practices, injury rates, and child labor and human rights policies.
- **Governance:** Governance issues evaluated can evaluate board diversity, board independence, collective bargaining agreements, supplier code of conduct requirements, ethics and anti-corruption policies, data privacy, and financial transparency.
- **Principals of Responsible Investment:** These principals describe possible actions for incorporating ESG issues into investment practice. Fund managers included in UMBFSI's ESG portfolio are typically signatories to these principals.

- Morningstar Sustainability Rating: This a rating is a measure of how well the holdings in a portfolio are managing their environmental, social, and governance, or ESG, risks and opportunities relative to their Morningstar Category peers.

UMB Investment Management's interpretation of ESG factors and the application of this process is subjective and may evolve over time. Each fund held within the ESG portfolio exhibits varying risk and return characteristics due to the potential diversity of securities held within each fund and other criteria outlined in the prospectus. Additionally, due to the screening process for funds held within the ESG portfolio, portfolio holdings will differ from the applicable benchmark and the returns will vary accordingly, either outperforming or underperforming at any time. All investments involve risk, including the possible loss of principal. Past performance is no guarantee of future results. Including an ESG investment as part of an investment portfolio provides additional diversity.

UMB Investment Management will buy, sell or exchange approved eligible securities without prior consultation with you and these transactions occasionally have tax consequences. Please consult your tax adviser for more information. UMB Investment Management will rebalance your account periodically so that the allocation of assets to particular asset classes, and to particular funds, equities or preferred stock, continues to adhere to the model portfolio. Rebalancing occasionally has tax consequences for your account. Please consult your tax adviser for more information.

### **Eligible Assets**

UMB Fund Advisor® "Eligible Assets" consist of assets that are: (a) load-waived shares or no-load shares of certain open-end investment companies as specified from time to time by UMBFSI (such no-load and load-waived shares collectively referred to as "Mutual Funds"); (b) certain ETFs; (c) cash and cash equivalents (i.e. money market funds and certain short-term fixed income securities) ("Cash Equivalents"); (d) shares of closed-end investment companies; (e) certain equity investments or American Depository Receipts; and (f) certain preferred or convertible preferred stock. All equity, ADRs, preferred and convertible stocks will be associated with large market capitalization companies.

An exchange-traded fund, or ETF, is an investment vehicle that combines certain features of a mutual fund and an individual stock. An ETF is an open-end fund that invests in a portfolio of securities that typically tracks a particular index, similar to an index fund. Also, like an index fund, an ETF provides very broad diversification. Unlike a mutual fund, an ETF is traded like a stock on a stock exchange and can be bought or sold at any time during market hours.

"Ineligible Assets" include, but are not limited to: (a) convertible bonds, unit investment trusts, and any rights or warrants on equity securities; (b) certain foreign equity securities; (c) options on domestic equity securities or indices, insurance, annuities, limited partnership interests or units, precious metals or other commodities or futures thereon, options on futures, currency options, foreign currency, commercial paper, certificates of deposit, bankers acceptances, certain unit investment trusts, investment company shares, and fixed income securities that are not Eligible Assets as described above.

UMBFSI occasionally adds or deletes classes of securities or assets from the definition of Eligible Assets and Ineligible Assets from time to time, and upon notice to you.

### **Plan Review**

Annually, your Financial Advisor will contact you to review suitability using the same risk tolerance questionnaire that was used when you became a client of the Program. You are asked to promptly notify UMBFSI of any material changes in the information you furnished in the questionnaire.

### **UMB Advisor Select Program Services**

The UMB Advisor Select Program is a non-discretionary investment advisory program designed to assist you in devising and implementing an investment strategy tailored to your individual financial circumstances. Your Financial Advisor assists you in evaluating your investment objectives and risk tolerances and will provide you with investment advice based upon your

investment objectives. Neither UMB Investment Management or UMBFSI, nor their affiliated entities, have any investment discretion over your UMB Advisor Select account. You will make the final decision as to the selection of specific Eligible Asset managers for your account and the timing of when your account is rebalanced.

### **Investment Services**

UMBFSI will prepare an investment proposal (the "Proposal") containing investment concepts that are consistent with your investment objectives. The Proposal provides specific advice about implementing investment decisions through Eligible Assets, which cover a spectrum of investments. Information about your risk tolerance, investment objectives and the assets that you have chosen will be documented in a Statement of Investment Selection, which describes the investment advisory services that will be provided to you.

If you notify UMBFSI of a change in your investment suitability and objectives contained in the risk tolerance questionnaire, Proposal or Statement of Investment Selection, or a change in the Eligible Assets held in your account, UMBFSI typically generates a revised Proposal, and if necessary, a new Statement of Investment Selection. With your consent, UMBFSI will then rebalance the UMB Advisor Select account's asset allocation in accordance with the updated information.

Your Financial Advisor will notify you in the event an Eligible Asset held in your account is placed on a Watch List to select a replacement asset or obtain a direction letter if you wish to maintain the asset in your account. In the event you cannot be reached, the asset will be retained in your account.

When an asset is removed from the approved Eligible Asset list or an asset class is removed/added to the asset allocation model selected by you, your Financial Advisor will notify you of the change. You will be required to select a new asset or realign your account to the new asset allocation criteria. In the event your Financial Advisor is unable to contact you after reasonable attempts, or you do not designate a replacement fund or align your account to the new asset allocation requirements, UMBFSI will resign as advisor to your account and your assets will remain in your brokerage account.

UMBFSI will periodically provide you with investment advice, which often includes recommendations regarding investing in Mutual Funds and or ETFs in a manner consistent with your investment objectives. Pursuant to your consent, which shall be obtained prior to each transaction, UMBFSI will place transaction orders in your UMB Advisor Select account.

### **Eligible Assets**

UMB Advisor Select "Eligible Assets" consist of assets that are: (a) load-waived shares or no-load shares of certain open-end investment companies as specified from time to time by UMBFSI (such no-load and load-waived shares collectively referred to as "Mutual Funds"); (b) certain ETFs; (c) cash and cash equivalents (i.e. money market funds and certain short-term fixed income securities) ("Cash Equivalents"); and (d) shares of closed-end investment companies.

An exchange-traded fund, or ETF, is an investment vehicle that combines certain features of a mutual fund and an individual stock. An ETF is an open-end fund that invests in a portfolio of securities that typically tracks a particular index, similar to an index fund. Also, like an index fund, an ETF provides very broad diversification. Unlike a mutual fund, an ETF is traded like a stock on a stock exchange and can be bought or sold at any time during market hours.

"Ineligible Assets" include, but are not limited to: (a) domestic equity and certain other securities, including, but not limited to, common stock, convertible preferred stock, convertible bonds, unit investment trusts, American Depository Receipts, and any rights or warrants on equity securities; (b) certain foreign equity securities; (c) options on domestic equity securities or indices, insurance, annuities, limited partnership interests or units, precious metals or other commodities or futures thereon, options on futures, currency options, foreign currency, commercial paper, certificates of deposit, bankers acceptances, certain unit investment trusts, investment company shares, and fixed income securities that are not Eligible Assets as described above.

UMBFSI will add or delete classes of securities or assets from the definition of Eligible Assets and Ineligible Assets from

time to time, and upon notice to you.

### **Plan Review**

Your Financial Advisor will contact you periodically, but not less than annually to review your account (“Plan Review”) to help ensure that it remains within appropriate asset allocation parameters. With your consent, your Financial Advisor will rebalance your account, which may result in tax consequences to you. Please consult your tax adviser for more information.

Your Financial Advisor will also contact you when an asset is placed on the Watch List or is removed as an Eligible Asset or if there is a new asset allocation model requirement.

### **UMB Institutional Fixed Income Program Services**

The UMB Institutional Fixed Income Program is a discretionary investment advisory program designed to assist you in devising and implementing an investment strategy tailored to your individual financial circumstances. Your Financial Advisor evaluates your Investment Policy Statement, investment objectives, risk tolerance, any reasonable investment restrictions or other specific account instructions to invest, reinvest and otherwise manage, the securities in your account.

### **Investment Services**

Your Financial Advisor will review your Investment Policy Statement, account restrictions, investment objectives and risk tolerance to determine the appropriate asset allocation among eligible fixed income securities, which includes a variety of asset classes. Additionally, Your UMBFSI advisor will monitor your account to compare current portfolio holdings against your defined investment parameters and identified allocation constraints. When necessary, portfolio rebalancing processes may be initiated after evaluating a variety of factors including, but not limited to, cashflow needs, investment policy statement requirements, a security’s time to maturity, whether a transaction is a taxable event and whether the security is an eligible asset or exceeds any Fixed Income Program allocation limitations. Your advisor will notify you if rebalancing your account is not in your best interest after completing that evaluation.

If you notify UMBFSI of a change in your Investment Policy Statement, your financial situation, investment objectives, account restrictions or other related account factors, your financial advisor will evaluate various criteria before rebalancing your account to align your current holdings with updated account information. Factors evaluated before rebalancing will include, but are not limited to, cashflow needs, investment policy statement requirements, a security’s time to maturity, whether a transaction is a taxable event and whether the security is an eligible asset or exceeds any Fixed Income Program allocation limitations. Your advisor will notify you if rebalancing your account is not in your best interest after completing that evaluation, but will rebalance the account if specifically required by your investment policy statement or directed by you, the client.

All investments involve risk, including the possible loss of principal. Past performance is no guarantee of future results.

### **Eligible Assets**

UMB Institutional Fixed Income Program’s “Eligible Assets” include the following asset classes (including any requirements for the respective security type):

- Municipal Bonds (Investment Grade only – rated baa3/BBB- or higher)
- US Treasuries (All are approved)
- US Agencies (All are approved)
- Mortgage Backed Securities (MBS) (Investment Grade Only)
- Certificate of Deposit (FDIC Insured Only)
- Fixed Income Mutual Funds (Institutional shares only, unless you are eligible for a lower fee share class)

- Money Market Funds (All are approved)

The minimum rating allowed for municipal bonds and bond exposure limitations adhere to applicable standards established by UMB Bank's Fixed Income Department for high net worth individual portfolios.

UMB Bank's Investment Management Department develops the list of approved fixed income mutual funds within the fixed income mutual fund category, utilizing a proprietary review process that reviews funds for performance, adherence to investment style and changes in management. Additional details describing that process is included in the "Fund Managers" section of Item 6 below.

"Ineligible Assets" include all other security types, including corporate bonds, non-investment grade municipal bonds, non-investment grade MBS, CDs exceeding FDIC insurance limitations, and non-institutional mutual fund shares classes, unless you are eligible for a lower fee mutual fund share class.

UMBFSI's Institutional Investment Advisors may only provide advice on securities meeting eligible asset requirements. Advice that results in client portfolios exceeding designated bond exposure limitations is only allowed if specifically directed by you in writing.

Your Financial Advisor will advise you of any changes to the list of eligible assets that may affect the ongoing management of your account. Depending upon the change and your existing account documentation, you may be required to update your account paperwork to realign your account's directives with the updated eligible asset list. If the eligible asset updates necessitate changes to your account documents, no discretionary trades will occur until you have reviewed those changes and have updated your account information accordingly.

### **Plan Review**

Annually, your Financial Advisor will contact you to determine whether there have been any changes in your financial situation or investment objectives, and whether you wish to impose new reasonable investment restrictions or modify existing restrictions. You are asked to promptly notify UMBFSI of any material changes in your account information that occur outside of that annual review cycle.

### **Additional Information Concerning the UMB Managed Account Solutions Program**

You have the option of placing reasonable restrictions on the management of your account, such as restricting the purchase of a particular fund for your account. Fund Advisor account restrictions cannot exceed 10% of the account's total market value. Returns on restricted fund advisor accounts often vary from model fund advisor portfolio returns.

You retain the following rights as to your account assets to the same extent as if you held the assets in an account outside of the UMB Managed Account Solutions Program: (a) the right to add to or withdraw securities or cash from your account; (b) the right to vote, or delegate the authority to vote, the securities in your account; (c) the right to be provided in a timely manner with written trade confirmations for all securities transactions in your account, and all other documents required by law to be given to security holders; and (d) the right to proceed directly against an issuer of any security in your account and not be obligated to join any other person or client of the Program as a condition of bringing a proceeding.

Any information presented about tax considerations affecting client financial transactions or arrangements is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither UMBFSI nor its Financial Advisors provide tax, accounting or legal advice. Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal professional advisors.

Fund Advisor and Advisor Select Program participants will receive a quarterly performance report that provides a general market update, as well as updates on the performance of components of the Program and any appropriate fund manager updates. All MAS program participants receive copies of transaction confirmations and monthly account statements, providing

there is activity in the account during the month. Otherwise, statements will be mailed quarterly. Your Financial Advisor will be available to discuss your account during normal business hours.

Participation in the MAS Program subjects the client to the risk of investing in the securities market. There is no guarantee that the investment objectives the client seeks can be obtained. Asset allocation, diversification and rebalancing do not assure a profit or protect against loss in declining markets. Investing in securities involves risk, and there is always the potential of losing money when you invest in securities.

Investment products are:

<b>Not FDIC Insured</b>	<b>Not Bank Guaranteed</b>	<b>May Lose Value</b>
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**UMB Managed Account Solutions Program Fees**

Fees payable for the UMB Fund Advisor® and Advisor Select Programs are calculated using a tiered fee schedule. The fee decreases at increasing intervals of the portfolio’s market value, thereby applying different fees to different portions of the portfolio, as set forth below.

Fee		Market Value Interval
1.45%	on the first	\$1,000,000
1.00%	on the next	\$2,000,000
0.80%	on the next	\$2,000,000
0.60%	on the next	\$5,000,000
0.50%	on the next	\$5,000,000
0.45%	on all over	\$15,000,000

Fees payable for the UMB Institutional Fixed Income Program will not exceed 1% and are determined by the level and type of advisory services being or expected to be provided. As part of the account opening process, your account fee will be fully disclosed on account paperwork.

UMB Managed Account Solution account program fees are charged in advance on a quarterly basis. When an account is opened, the fee is deducted from your account assets for the remainder of the current billing period and is based on the initial contribution. Thereafter, the deducted fee is based upon your recent account value during the previous calendar quarter. Fees may be negotiable based on the client’s total relationship with UMB. Either party has the option to close the UMBFSI client contract at any time upon receipt of written notice. If an account is closed, a prorated portion of prepaid fees will be refunded to you.

The Program Fee covers charges for transactions that are effected through NFS and for the services provided by Envestnet. Wire transfer fees, other miscellaneous charges and other charges imposed by law, as well as IRA account fees, are not included in the Program Fee.

No initial or contingent deferred sales charges are assessed to mutual fund purchases. However, Mutual Funds remain subject to the internal expenses described in each Fund prospectus’ expense table and, depending upon the Fund, may also impose short-term redemption fees. Those fund management fees are not included in the Program management fees. Please refer to the Fund’s prospectus for additional information regarding these fees.

**B. Costs**

UMBFSI currently pays UMB Investment Management .05% of Assets Under Management in the Fund Advisor and Advisor Select programs for their services provided.

The Program fees shown above may vary from those charged by UMBFSI to another client for similar services.

Clients should be aware that the Program fee might be higher than those charged by other investment advisers.

The Program will cost the client either more or less, depending on the trading activity, than purchasing such services separately.

### **C. Internal Fees of Funds and Other Excluded Costs; Revenue Sharing Payment**

All mutual funds and ETFs incur annual operating expenses that are paid from fund assets. These fees can include management, Rule 12b-1 (distribution) fees, shareholder servicing fees, and other expenses.

NFS occasionally receives 12b-1 fees from distributors of funds that have adopted Rule 12b-1 plans, as well as shareholder servicing fees as reimbursement from funds or ETFs for account servicing. UMBFSI will credit your account with the value of any 12b-1 and shareholder servicing fees it receives from the funds or ETFs. However, your account will pay both the Program Fee and fund management fees on account assets invested in third party mutual funds.

In addition, advisors and distributors occasionally makes payments to NFS from their own resources (known as “revenue sharing payments”). UMBFSI currently receives revenue sharing payments from NFS in connection with certain classes of fund shares. These payments, which are not credited to your account by UMBFSI, do not affect the Net Asset Value (NAV) of the funds in which your account is invested or your net yield from such funds. UMBFSI receives no revenue sharing payments on fund shares held in qualified plans or IRA accounts.

An ETF is expected to have lower portfolio turnover than an actively managed mutual fund, as an ETF has lower expenses and fewer capital gains distributions than most mutual funds.

Trading costs associated with buying or selling securities within model portfolios are included within the program fee.

### **D. Program Fee Incentives**

The Financial Advisor receives a portion of the fees paid by the client to UMBFSI, based on the value of assets under management. The amount of this compensation could be more than UMBFSI and the Financial Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services. As a result, UMBFSI reviews client accounts to assess financial incentives when recommending the Program over other programs or services.

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

The minimum initial investment necessary to open a UMB Managed Account Solutions program account is \$50,000. Established UMBFSI customers who have a minimum of \$100,000 held in an existing UMBFSI Managed Account often are eligible for a lower initial investment of \$25,000 when opening an additional Managed Account.

You may make additions to your account at any time and may make withdrawals from your account within three business days of order entry, unless an underlying investment within your portfolio has a liquidity limitation, as described by prospectus. UMBFSI has the option to terminate your account if your account balance falls below the designated minimum account value.

UMBFSI makes its advisory services available to a wide variety of clients including, but not limited to, individuals, trusts, estates, qualified retirement plans, charitable organizations, institutions, corporations, municipal entities and investment advisory firms.

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

### **A. Fund Managers**

UMB Investment Management's selection process for fund managers begins with extensive research of a fund's history, expense ratio and industry rating. UMB Investment Management uses various resources to gather this information, including annual reports, prospectuses and filings with the SEC. Next, UMB Investment Management examines whether the fund managers have consistently delivered the same style of investment management over time. Finally, UMB Investment Management strives to understand the investment philosophy and strategy used in the fund's management.

As part of UMB Investment Management's ongoing review process, all funds selected for presentation to you are required to provide UMB Investment Management with a complete list of holdings in the portfolio on a quarterly basis. UMB Investment Management reviews rates of return and other statistical analysis, as well as written commentary, to help validate each fund manager's continued compliance with UMB Investment Management's internal criteria for inclusion in the Program. UMB Investment Management occasionally removes a fund from the Program for reasons such as a failure to adhere to management style or strategy objectives, a material change in the professional staff of the fund manager or unexplained poor performance.

Neither UMBFSI nor any third party (except for a fund's independent auditors) reviews fund performance information for accuracy. Fund performance information is calculated on a uniform and consistent basis, in accordance with SEC rules.

### **B. Related Managers**

UMB Investment Management, an affiliate of UMBFSI, serves as the portfolio manager for the UMB Fund Advisor Program described in this brochure. UMBFSI has a conflict in selecting its affiliate to serve as the portfolio manager, because UMBFSI and its affiliates will retain more of the client's fee than if a third-party portfolio manager had been selected. UMBFSI addresses this conflict through disclosure in this Brochure. Because the wrap fee program requires only the services of a single portfolio manager, UMBFSI does not have different criteria for the inclusion of affiliated portfolio managers and third-party managers.

## **Item 7 – Equity and Preferred Stock Selection and Evaluation**

UMB Investment Management's equity selection process begins with a proprietary quantitative screen of all publicly traded equities to develop an equity working list. Securities included on that list then undergo additional quantitative screens, with the resulting securities undergoing a qualitative assessment of a company's debt levels, interest coverage ratios, dividend payout history and historical dividend growth. Once the qualitative assessment is complete, resulting in a final list of potential portfolio candidates, equities are selected as necessary to diversify the portfolio over different sectors and industries.

UMB Investment Management's selection process for preferred stock includes an initial sorting of the credit issuer universe over criteria such as sectors, ratings and maturity range. Once sorted, a proprietary quantitative screen is applied that evaluates balance sheet and income statement items and current and historical trends through analyzing financial metrics such as leverage ratios, capital ratios, debt service coverage ratios, asset quality, earnings growth, and certain industry-specific factors. Companies identified as a result of that screening process are qualitatively evaluated to create an approved list of corporate credit issuers, seeking to identify companies with specific industry and firm characteristics. From credit issuers within that approved list, UMB Investment Management identifies which issuers offer preferred stock, and then selects certain issuer's preferred stocks that have qualified dividend income, are sector-diversified and are not callable.

As part of UMB Investment Management's ongoing review process, portfolio equity holdings are evaluated over time to verify they continue to meet initial quantitative screening requirements, and ensure a company's financials remain within acceptable parameters. Preferred stock holdings are reviewed to ensure the credit issuer remains on the approved list. Securities not meeting those standards are sold from the portfolio and replaced with new names meeting designated screening criteria.

## **Item 8 – Fixed Income Selection and Evaluation**

Fixed income securities selected within Institutional Fixed Income Program client accounts must adhere to asset-class specific credit quality requirements, as outlined in the Institutional Fixed Income Program's Eligible Assets section above. Within each asset class, your investment advisor selects securities by applying a quantitative analysis based on various factors, including, but not limited to, credit rating, duration, coupon, call features, and guarantees.

UMBFSI has a potential conflict of interest in the Institutional Fixed Income Program in that UMBFSI and affiliated entities trade for their own account. However, to eliminate that conflict of interest, UMBFSI will not purchase or sell any security in the Program through an affiliate or perform a transaction in a principal capacity.

## **Item 9 – Client Information Provided to Portfolio Managers**

For Fund Advisor and Advisor Select Program participants, UMBFSI provides UMB Investment Management with initial and updated information about each client, including any reasonable investment restrictions on the management of a client's account.

## **Item 10 – Client Contact with Portfolio Managers**

As a client of the Program, you may discuss your account with your Financial Advisor and with an associate of UMB Investment Management during regular business hours.

## **Item 11 – Additional Information**

### **A. Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. UMBFSI does not have any disciplinary information to report regarding itself or any of its management persons.

### **Other Financial Industry Activities and Affiliations**

UMBFSI is a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, an investment adviser registered with the SEC, and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). UMBFSI is a wholly-owned subsidiary of UMB Financial Corporation and an affiliate of UMB Bank, n.a. and is a corporation duly organized under the laws of the State of Missouri. In addition to offering investment advice, UMBFSI offers products and services, including corporate bonds, equities, mutual funds, municipal securities, government bonds, variable annuities, and options.

UMB Fund Services, Inc., an affiliate of UMBFSI, may provide transfer agency and other services to funds offered in the Program.

UMB Bank, n.a., an affiliate of UMBFSI, is a national banking association and offers a full range of banking services to commercial, retail, government and correspondent bank customers. In addition, UMB Bank, n.a. may serve as custodian for funds offered in the Program.

UMB Investment Management, a department of UMB Bank, n.a., offers a full range of trust services for individuals, estates, business corporations, governmental bodies and public authorities. UMB Investment Management serves as the portfolio manager for the Program, which is sponsored by UMBFSI.

UMB Financial Corporation owns several other financial services companies. The Program has no material relationship with

any of those entities, nor is UMBFSI aware of any other material conflicts of interest with regard to any of the other affiliations.

## **B. Other Information**

### **Code of Ethics. Participation or Interest in Client Transactions and Personal Trading**

UMBFSI and its associates, acting in an investment advisory capacity, have a fiduciary obligation to their advisory clients. Our associates have a duty when acting in an advisory capacity to:

- Place the advisory clients' interests over their own;
- Comply with the Code of Ethics requirements;
- Avoid actual or potential conflicts of interest (or when this is not possible, fully disclose them to the client), abuse of their position of trust and responsibility, and taking inappropriate advantage of their position;
- Maintain the confidentiality of the security holdings and financial circumstances of advisory clients;
- Maintain their independence in the investment decision-making process to the degree that they participate in that process;
- Comply with applicable federal and state securities laws; and
- Report any violations of this Code of Ethics promptly to the UMBFSI Chief Compliance Officer.

UMBFSI has adopted a Code of Ethics ("Code") that addresses securities-related conduct of its employees and representatives. We will provide a copy of the Code to any client or prospective client upon request.

UMBFSI has defined two categories for persons subject to the Code and those categories are Supervised Persons and Access Persons. All Supervised Persons are subject to this Code of Ethics. For UMBFSI, a "Supervised Person" includes:

- All UMBFSI associates performing investment advisory activities or having access to investment advisory activities information. "Investment advisory activities information" includes access to the UMB Investment Management Research List of stocks provided to UMBFSI for full service brokerage accounts or access to the transactions derived from this Research List;
- All associates with an active investment adviser license through UMBFSI; and
- The UMBFSI Board.

Supervised Persons, while acting as a fiduciary in an investment advisory capacity, have an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of their clients. This duty is best served by avoiding conflicts of interest and, where this is not possible, by fully disclosing all material facts concerning any conflict that arises with respect to any client.

A "conflict of interest" occurs when UMBFSI's or an individual's personal interests interfere or appear to interfere with the interests of the clients. A conflict may arise when a person takes actions or has interests that make it difficult to objectively and effectively perform his or her duties with respect to the client. Conflicts of interest may also arise when a person receives improper benefits, or members of his or her family receive improper personal benefits resulting from his or her position. For example:

- Supervised Persons should not favor the interests of one client over another client. Inappropriate favoritism of one client over another client constitutes a breach of fiduciary duty.
- A Supervised Person is prohibited from recommending, implementing or considering any securities transaction for a client without disclosing to the Chief Administrative Officer ("CAO") his or her material beneficial ownership (defined below), business or personal relationship, or other material interest in the issuer or its affiliates. If the beneficial ownership presents a material conflict, the Supervised Person cannot participate in any decision-making process regarding the purchase or sale of the securities of that issuer.

Supervised Persons may purchase securities in an initial public offering, or participate in a private placement, or directly or

indirectly acquire beneficial ownership in any security in a private placement, but only if they obtain prior approval from the CAO.

Certain Supervised Persons are also "Access Persons". For UMBFSI, an Access Person includes:

- An individual who makes, participates in, or obtains information regarding client transactions;
- An individual whose functions relate to making any recommendations with respect to purchases or sales by clients; or
- An individual who has access to nonpublic information regarding the portfolio holdings of funds the adviser or an affiliate manages is considered an Access Person. This includes individuals with access to the UMB Investment Management Research List of stocks provided to UMBFSI for full service brokerage accounts or transactions derived from the List.

Access Persons are required to submit to the CAO a report of all holdings in reportable securities of which they have beneficial ownership within 10 days of becoming an Access Person and at least once for each 12-month period thereafter as prompted by the CAO.

Access Persons are also required to report quarterly all accounts containing reportable securities that they own either directly or beneficially. The CAO is responsible for reviewing the initial and annual holdings reports, quarterly transaction reports, and the dissemination, verification of receipt and recording of the initial, annual and any amended acknowledgement of the Code of Ethics certifications. Access Persons' trading activities will be reviewed by the CAO for abusive practices as outlined in the UMBFSI Compliance Manual and UMBFSI Supervisory Policies and Procedures.

### **Review of Accounts**

UMBFSI employs a team approach to account management. Accounts are under continuous review. The Financial Advisor is responsible for periodically monitoring the client accounts to ensure they are managed consistent with the established objectives and investment guidelines, review accounts periodically and all accounts no less than yearly. UMBFSI Management reviews all trades daily, monitors accounts for exceptions, verifies annual reviews are performed by the Financial Advisors and reviews accounts randomly throughout the year.

UMB Investment Management serves as portfolio manager for the UMB Fund Advisor Program, and conducts model portfolio and fund reviews no less than once per quarter. The funds or their agents calculate fund performance in accordance with SEC rules. Neither UMBFSI nor UMB Investment Management reviews fund performance for accuracy.

The Investment Advisory Committee of UMBFSI ("IA Committee") consists of the UMBFSI President, National Sales Manager, CAO, Product Manager, Operations Manager, Executive Director of Investment Banking, Executive Operating Officer of Investment banking, and the Compliance and Risk Manager. Committee decisions are made through a majority vote. The IA Committee meets periodically to review fund performance, style drift, ratings, manager changes, the current asset allocation models and the approved list of Eligible Assets for any changes, with the intent to make appropriate adjustments to current models, available funds, and security types or rating requirements. The IA Committee also reviews UMB Investment Management's performance as portfolio manager of the Fund Advisor Program and determines whether UMB Investment Management has provided the services it has contracted to provide and whether the continued use of UMB Investment Management is in the best interests of UMBFSI's clients.

### **Client Referrals and Other Compensation**

UMBFSI occasionally pays referral fees to UMB Bank, n.a. or other affiliates of UMBFSI, to employees of UMB Bank, n.a. or other affiliates of UMBFSI, or to other entities or individuals for referrals of clients to UMBFSI.

### **Financial Information**

UMBFSI does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. UMBFSI is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has UMBFSI been the subject of a bankruptcy petition at any time during the past ten years.