



**LOCKWOOD** | Investment Strategies

SOPHISTICATED SOLUTIONS DELIVERED SIMPLY

**LOCKWOOD**  
ADVISORS  
AN AFFILIATE OF PERSHING



# SOMETIMES, THE MOST COMPLEX QUESTIONS HAVE THE SIMPLEST ANSWERS



Your savings should be a benefit, not a burden; and yet they often add to, rather than reduce, your life's complexities. How do you keep track of your portfolio and how do you sort through a multitude of options to find the answers that are right for you?

At Lockwood Advisors, Inc. (Lockwood) we understand the complicated questions you face. You may be looking for easier ways to manage your financial life and take advantage of sophisticated investment ideas, while avoiding taking on an uncomfortable level of risk. Lockwood Investment Strategies may be a surprisingly simple solution that addresses many of these issues, while keeping your unique circumstances in mind.

Lockwood Investment Strategies offers a single account that seeks to give you access to a broadly diversified, professionally managed and monitored portfolio. We strive for consistent, long-term performance without undue risk, using what we believe are state-of-the-art techniques that today's investor demands. Your portfolio can be tailored to your individual requirements—whether you want to avoid particular securities, seek access to innovative investment vehicles or have your account managed to help mitigate tax impact. With the help of your financial advisor—the investment professional who typically knows you the best—you can choose from a variety of models, with varying risk and return objectives, and select a strategy that may be appropriate for you. Lockwood Investment Strategies is designed to offer a simple way to address your unique, financial needs.

Diversification and strategic asset allocation do not guarantee a profit or protect against a loss in declining markets. All investments are subject to risk, including the loss of principal. For additional information, please refer to the Important Disclosures on pages 10-14.

# THE PROFESSIONAL MANAGEMENT YOUR INVESTMENT GOALS DESERVE

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You want a solution that is matched to your needs—one that seeks to help you realize your financial goals—no matter how complex those needs may be. Lockwood Investment Strategies may be the answer you're looking for.

## A DIVERSIFIED PORTFOLIO IN ONE ACCOUNT

Lockwood Investment Strategies is designed to offer you an entire portfolio in a single account—with one monthly statement, one easy-to-understand performance report and one set of year-end tax statements. Each portfolio typically holds between 50 and 250 investments, which may include individual securities, open and closed-end mutual funds, exchange-traded funds (ETFs) and exchange-traded notes (ETNs). Your investments are diversified across a variety of different asset classes and investment styles, in an effort to combine investments that typically do not move in tandem with each other. Lockwood Investment Strategies portfolios are designed to serve as the core of a long-term investment program. Rather than trying to time the market or place bets on high-risk strategies, the Lockwood Investment Strategies investment team strives to deliver consistent, risk-controlled returns over the long run. With the help of your financial advisor, you can select from a range of portfolios with different investment objectives to find an approach that might be right for you.

## A TEAM OF PROFESSIONALS TO MANAGE YOUR PORTFOLIO

Lockwood Investment Strategies is a discretionary account, meaning that clients rely on Lockwood's experienced investment team to make day-to-day investment decisions regarding their account. The Lockwood Investment Strategies investment team averages 12 years of industry experience, and offers considerable expertise in capital market analysis, subadvisor selection and portfolio construction. Through us, you can gain access to many of the sophisticated techniques and tools normally available to institutional investors.

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*"I know it's time to bring some focus to my investments, to settle on something for the long run. But that doesn't mean what's right for my neighbor is right for me. There are a lot of different investment options now, and I want to explore them."*



## A VARIETY OF APPROACHES FROM WHICH TO CHOOSE

You need a portfolio that fits your own needs—including your objectives, time horizon and personal comfort with risk. That is why Lockwood Investment Strategies offers a variety of different choices. With the help of your financial advisor, you can select an approach that may be appropriate for you.

Models	Typical Investor Profile	Investor's Risk Tolerance	Target Asset Allocation	
Model I	Preservation of capital	Highly risk averse	Conservative, diversified fixed income allocation plus 20% weighting in domestic equities	
Model II	Preservation of capital, with some growth potential	Moderate risk aversion	Conservative, diversified fixed income allocation plus 40% weighting in domestic equities	
Model III	Preservation of capital, with modest growth potential	Balanced risk appetite	Diversified allocation to global equities plus 40% weighting in diversified fixed income	
Model IV	Growth, with minimal need for income	Willing to be exposed to moderate levels of risk	Diversified allocation to global equities plus 20% weighting in diversified fixed income	
Model V	Capital appreciation	Highly risk tolerant	Diversified allocation to global equities	

● Equity ● Fixed Income ● Cash

Allocations to alternative investment strategies (via mutual funds, ETFs and/or ETNs) may revise equity and/or fixed income allocations, depending on the risk and return profile of the strategy.

The quotations depicted on this page are fictional and are intended for illustrative purposes only.

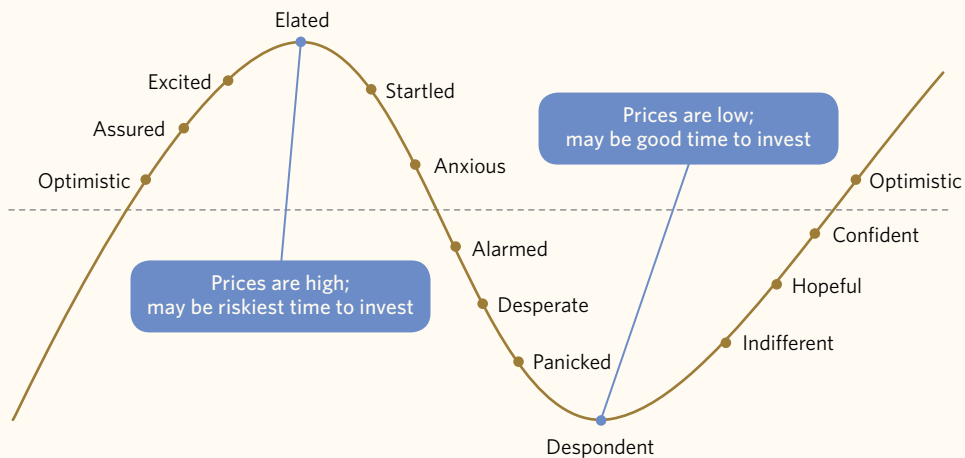
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# WHY PROFESSIONAL MANAGEMENT MATTERS

Simply put, we believe individual investors have often not done as well as they could have. Between 1989 and 2008, the average equity fund investor earned less than half of the return of the S&P 500 Index.<sup>1</sup>

## BREAKING THE CYCLE OF EMOTION IN INVESTING

Professional money managers follow a disciplined process. That process can help them make decisions based on reason, not emotion, and stay focused on a long-term goal, instead of the market's daily swings. It's also true that professional money managers have access to proprietary research, tools and resources that many individuals do not—even in this age of online investing.



"Buy low, sell high" is perhaps the most famous rule of investing. Yet, many individual investors seem to do precisely the opposite. During boom times, they brim with confidence and eagerly pay top dollar to participate in the market. When prices fall, they become fearful and discouraged, and may even sell off their holdings and lock in their losses. Buying high and selling low can seriously undermine an individual investor's returns. Professional money managers try to break this cycle of emotion by using objective data and a consistent process to guide their investment decisions.

<sup>1</sup> Source: DALBAR, Inc.'s Quantitative Analysis of Investor Behavior 2009. The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices are not available for direct investment. Past performance is not a guarantee of future results.

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*"I'm glad we're comfortable. But now, we have to keep an eye on what we have. Risk sometimes hits you when you can least afford it. I'd like things to be simpler for us—and easier to manage and track."*



## CUSTOM-TAILORED TO FIT YOU

A Lockwood Investment Strategies portfolio can be personalized to fit your unique financial circumstances, including your other investment holdings. For example, if you are a senior corporate executive, you may earn a large share of your compensation in the form of securities issued by your employer. As a result, you may now be heavily invested in a single company or industry, potentially reducing your level of diversification. To address challenges like these, we have the ability to customize your portfolio—seeking to help you reduce your concentration in a single security or sector, steer clear of investments you wish to avoid, and potentially increase the diversification across your overall investment program. If you are relying on your current portfolio to fund retirement income or other purposes, you can establish periodic withdrawals—monthly, quarterly or annually—to make obtaining your withdrawals as smooth and painless as possible. The Lockwood investment team has the ability to sell assets to raise cash for a withdrawal while rebalancing the portfolio back in line with current allocation targets and risk parameters.

## KEEPING A CLOSE WATCH ON TAXES

Over time, taxes can significantly impact your investment results, especially if an investment manager trades your holdings without considering the possible effect of taxes on your portfolio. Because clients own each individual security in their Lockwood Investment Strategies portfolio, we have the ability to adjust our trading strategy to help mitigate tax consequences. Sophisticated overlay management techniques are designed to help coordinate the selling of securities throughout the year and to help lessen the overall impact of federal taxes on your portfolio. Working with your financial advisor, you can also direct us to sell specific securities or realize a specific amount of gains or losses at the end of the year to help offset gains or losses in your other investments, subject to Lockwood's ability to maintain the investment integrity of your portfolio.

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# THE SOPHISTICATED MANAGEMENT YOUR WEALTH DESERVES

It is a simple principle: As your assets grow, and the greater your financial needs become, the more innovative and sophisticated your money manager may need to be.

## A STRICTLY DISCIPLINED PROCESS

Lockwood manages Lockwood Investment Strategies portfolios using many of the same techniques and tools typically available to large institutions, such as pension funds. The Lockwood Investment Strategies investment team starts from the top down, using proprietary analysis and experienced judgment to set overall expectations for each capital market. The investment team then establishes a strategic asset allocation—the precise mix of asset classes and investment styles—for each portfolio, based on its particular objective. Extensive research helps the investment team choose individual investments, which are selected not only on their own merits, but according to the way in which they are expected to contribute to the risk and return potential of the overall portfolio. Once a portfolio is built, the Lockwood investment team works to maintain its broad diversification across securities and sectors, and closely monitors risk levels and cash positions. Periodically, portfolios are rebalanced to help keep them in sync with their objectives as market conditions change.

### Typical Roles of Lockwood and a Financial Advisor in Managing a Client's Lockwood Investment Strategies Portfolio

#### Lockwood Investment Team

- > Market analysis
- > Strategic asset allocation and style selection
- > Investment selection
- > Portfolio construction
- > Monitoring
- > Rebalancing

#### Financial Advisor

- > Asset/liability evaluation
- > Risk tolerance specification
- > Model selection
- > Monitoring
- > Coordination of client's total financial plan
- > Communication

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*“When my company wins, I win. That’s how I’m compensated. And it’s fair. But, realistically, I can’t let everything ride on the fortunes of one industry. I need something broader, more diversified than that.”*



## ACCESS TO OUR BEST IDEAS, WHEREVER WE FIND THEM

Many different factors can play a role in determining the way a portfolio performs. That is why we start by exploring a very broad universe of investment ideas, and draw on a variety of strategies and tools to manage each portfolio. For example, while we base our most important investment decisions on strategic, long-term considerations, we may, on occasion, seek to capitalize on short-term market opportunities. We carefully examine research from a number of sources, and rely on both quantitative and qualitative analyses to inform our judgment. Our portfolios may include actively managed, as well as passively managed, strategies, depending on which approach seems to us to be more beneficial overall for the task at hand. In short, Lockwood Investment Strategies is designed to give you access to our broadest and most innovative investment thinking.

## FREEDOM TO EXPLORE OPPORTUNITIES TO HELP MANAGE RISK

To further customize a solution that is right for you, with the help of your financial advisor, you can select from a range of portfolios with either traditional or non-traditional asset classes. At Lockwood, we include an allocation to non-traditional asset classes or alternative investments (via mutual funds, ETFs and/or ETNs) in certain portfolios, and provide you with the option to decide what may be best for your unique situation.

## A TRANSPARENT APPROACH

With a Lockwood Investment Strategies portfolio, you can see what you own, while retaining ready access to your account. Our investment approach is designed to provide you with transparency and the tools you may desire to help you and your financial advisor monitor your portfolio to help ensure that your investment goals are on target.

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# IMPORTANT DISCLOSURES

The statements contained herein are based upon the opinions of Lockwood Advisors, Inc. (Lockwood) and the data available at the time of publication and are subject to change at any time without notice.

This communication does not constitute investment advice and is for informational purposes only, is not intended to meet the objectives or suitability requirements of any specific individual or account, and does not provide a guarantee that the investment objective of any model will be met. An investor should assess his/her own investment needs based on his/her own financial circumstances and investment objectives.

Neither the information nor any opinions expressed herein should be construed as a solicitation or a recommendation by Lockwood or its affiliates to buy or sell any securities or investments.

It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, asset class, style or index will provide positive performance over time. The investment return and principal value of an investment will fluctuate, so that an investor's assets, when sold, may be worth more or less than their original cost.

Diversification and strategic asset allocation do not guarantee a profit or protect against a loss in declining markets. Past performance is not a guarantee of future results.

The information on indices is presented for illustrative purposes only and is not intended to imply the

potential performance of any fund or investment. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees or other expenses. Indices are not available for direct investment.

The S&P 500 Index is a capitalization-weighted index of 500 widely traded stocks. Created by Standard & Poor's, it is considered to represent the performance of the stock market in general. It is not an investment product available for purchase.

Lockwood Investment Strategies contain open-end mutual funds and exchange-traded funds (ETFs). ETFs are investment vehicles that are legally classified as open-end investment companies or unit investments trusts (UITs), but differ from traditional open-end investment companies or UITs. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. This can result in the Fund trading at a premium or discount to its net asset value, which will affect an investor's value. Shares of certain ETFs have no or limited voting rights. ETFs are subject to risks similar to those of stocks.

Lockwood Investment Strategies may include exchange-traded notes (ETNs). ETNs are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no periodic coupon

payments are distributed and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level. The initial index level is the closing value of the underlying index on the creation/inception date of the note. One significant risk factor that affects an ETN's value is the credit of the issuer. ETNs are synthetic investment products that do not represent ownership of the securities of the indices they track, and are backed only by the issuer's credit. Another significant risk factor affecting ETNs is liquidity. Upon issuance, the ETNs may not have an established trading market. There is no assurance that a trading market for the notes will develop or, if one develops, that it will be maintained. Although the issuers of the notes may apply to list certain issuances of notes on a national securities exchange, the notes may not meet the requirements. Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment and uncertain federal income tax treatment. Clients should consult their tax advisor regarding tax treatment. Investing in ETNs is not equivalent to a direct investment in an index or index components.

*Investors should carefully consider the investment objectives, risks, charges and expenses of any mutual fund, ETF or ETN before investing. This and other important information can be found in the fund/note prospectus, which may be obtained through your financial advisor or by calling the fund/issuer or by visiting the fund's/issuer's website. Please read the prospectus carefully before investing.*

Mutual funds, ETFs and ETNs (together, Funds) included in Lockwood Investment Strategies may charge additional fees and expenses outside of the program fee charged by Lockwood for this product. Mutual funds may additionally charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in the respective fund prospectus. For complete details, please refer to the prospectus.

Funds included in Lockwood Investment Strategies may use derivatives that are often more volatile than other investments and may magnify the fund/note's gains or losses. An investment that uses derivatives could be negatively affected if the change in the market value of its securities fails to correlate adequately with the values of the derivatives it purchased or sold. Investors considering these types of investments should have a long-term investment horizon.

Certain Funds included in Lockwood Investment Strategies employ the use of alternative investment strategies, which are not for everyone and entail risks that are different from more traditional investments.



## IMPORTANT DISCLOSURES

Alternative investments are intended for sophisticated investors and involve a high degree of risk, including the potential for loss of some or all principal. When considering alternative investments, you should consider various risks including the fact that some alternative investment products provide limited liquidity and include, among other things, the risks inherent in investing in securities and derivatives, using leverage and engaging in short sales. An investment in an alternative investment product or strategy is speculative and should not constitute a complete investment program. A variety of alternative investment strategies may be utilized in certain Lockwood Investment Strategies models. Each strategy carries its own unique risks, which are more fully explained in the applicable Fund prospectus. Please read each Fund's prospectus carefully before investing.

Lockwood does not attempt to manage the impact of state, local or foreign government taxes, nor with respect to the alternative minimum tax (AMT), estate and gift or other taxes. Lockwood is not a tax advisor, and is not responsible for, and does not guarantee, that it will minimize the investor's tax liabilities.

Lockwood is the discretionary manager for the Lockwood Investment Strategies and, in that capacity, may change the asset, style and/or investment vehicle allocations within these portfolios at its discretion.

Members of Lockwood's investment team may be invested in any of the Lockwood discretionary portfolios available; however, Lockwood has adopted

a Code of Ethics, which addresses perceived or real conflicts between the trading activity on behalf of investors and the trading activity of employees. Monitoring of this activity is continuous and ongoing and designed to prevent an employee from reaping any benefit or unfair advantage over an investor with respect to such trading activity.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk and market risk, which could reduce the yield that an investor receives from his/her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in U.S. and longer-established non-U.S. markets.

Equity securities (i.e., stocks), as well as portfolios that invest in equity securities, are subject to several general risks, including the risk that the financial condition of the issuer may become impaired or the general condition of the stock market may deteriorate, either of which may cause a decrease in the value of the issuer's securities. Equity securities are susceptible to general stock market fluctuations and to sudden, significant and prolonged increases and decreases in value as market confidence in and perceptions of the security's issuer change. These perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. There can be no assurance that an issuer will pay dividends on outstanding shares of its common stock, as the payment of dividends will generally depend upon various factors, including the financial condition of the issuer and general economic conditions. Holders of common stocks of any given issuer will generally incur more risk than holders of preferred stocks and debt obligations of the same issuer because common stockholders, as owners of the issuer, generally have subordinated rights to receive payments from such issuer in comparison with the rights of creditors or holders of the issuer's debt obligations or preferred stocks. The existence of a liquid trading market for certain equity securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made for

any securities, that any market for the securities will be maintained, or that any such market will be or remain liquid. The price at which an equity security may be sold will be adversely affected if trading markets for the security are limited or absent.

Portfolios that invest in closed-end funds are subject to general market risk and, depending on the investment policy of a particular fund and the types of securities in which a fund invests, may also be subject to issuer, credit, interest rate, prepayment, inflation, liquidity, political, currency, and leverage risk. Shares of closed-end funds trade in the stock market based on investor demand; therefore, shares may trade at a price higher or lower than the market value of a fund's total net assets. For a complete discussion of the risks for a particular closed-end fund, investors should refer to the fund's prospectus.

Lockwood Capital Management, Inc. (LCM) served as the discretionary manager for Lockwood Investment Strategies (LIS) until May 17, 2010, at which time LCM and Lockwood were merged into a single company that continues under the name of Lockwood Advisors, Inc. At the time of the merger, there were no changes to the fees or services associated with LIS or the investment team responsible for managing LIS portfolios.

For more information about Lockwood, as well as its products, fees and services, please refer to the Form ADV Part II, Schedule H for Managed Account Advisor, Form ADV Part II, Schedule H for Managed



## IMPORTANT DISCLOSURES

Account Link, the Form ADV Part II, Schedule H for the Lockwood Sponsored Program or the Form ADV, Part II Brochure for AFP, LIS and LAAP for Managed Account Command, as applicable, which may be obtained through your financial advisor or by writing to Lockwood at: 10 Valley Stream Parkway, Malvern, PA 19355, or by calling (800) 200-3033.

Lockwood Advisors, Inc. is an SEC Registered Investment Adviser and an affiliate of Pershing LLC, each subsidiaries of The Bank of New York Mellon Corporation. Pershing LLC, member FINRA, NYSE, SIPC.

# IS LOCKWOOD INVESTMENT STRATEGIES RIGHT FOR YOU?

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Learn more about Lockwood's expertise.

## UNBIASED JUDGMENT

At Lockwood, we base our investment decisions on objective research, which is independent of biases toward particular investment vehicles or subadvisors. With more than 30 professionals, including 18 investment professionals who average more than 12 years of industry experience, the Lockwood team manages portfolios by drawing on its expertise in capital markets analysis, portfolio construction and subadvisor selection. In addition, Lockwood provides discretionary, multi-discipline investment strategies that are designed to meet a wide range of investor risk/return objectives. Our investment process is highly disciplined and has remained consistent over time.

## A NAME YOU CAN TRUST

Lockwood is an affiliate of Pershing LLC, the industry's largest provider of clearing, custody and business solutions to financial organizations. Lockwood's parent company, The Bank of New York Mellon Corporation (BNY Mellon), recently

celebrated its 225th anniversary as the nation's oldest continuously operating bank, and has weathered more financial storms than most other financial institutions in the United States. Today, BNY Mellon is a financially strong global leader in asset management and securities services, with \$21.8 trillion in assets under custody or administration and \$1.0 trillion in assets under management.<sup>2</sup>

## PROTECTION FOR YOUR ACCOUNT

Pershing is a member of the Securities Investor Protection Corporation (SIPC®). As a result, investor-owned assets held in custody by Pershing are protected by SIPC, up to \$500,000 in value, including \$100,000 in cash awaiting reinvestment. SIPC provides protection for eligible client assets held in custody by a SIPC member brokerage firm should the SIPC member firm fail financially and become unable to meet the obligations to its clients. SIPC does not protect against losses due to market fluctuation or for client assets not held by a SIPC member. For more information about investor asset protection, visit SIPC's web site at [www.sipc.org](http://www.sipc.org).

### *Talk to Your Financial Advisor*

Could your complex questions have a surprisingly simple answer? Lockwood Investment Strategies offers you customization, tax sensitivity and sophisticated investment management in a single diversified portfolio.

To determine if Lockwood Investment Strategies may be the right choice for you, talk to your financial advisor today.

<sup>2</sup> BNY Mellon, Corporate Fact Sheet, July 2010.

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