



PROPOSAL

Addicus Partners

Area Agency on Aging of Pasco-Pinellas, Inc.

10/26/2022





UBS Financial Services Inc.
UBS Institutional Consulting Group
Addicus Partners

10/26/2022

Area Agency on Aging of Pasco-Pinellas, Inc.

We would like to thank Area Agency on Aging of Pasco-Pinellas, Inc. for allowing us to participate in this request for proposal for providing institutional consulting services.

The UBS Institutional Consulting Group has been providing investment consulting services to a variety of institutional clients since 1984. With an average of 27 years of experience, our Institutional Consultants have significant consulting experience with current combined client assets of about \$97 billion¹ across over 600 clients.

Working with our Institutional Consulting Team provides access to the global scope and economies of scale that a global wealth manager such as UBS can provide.

UBS Institutional Consultants provide clients with customized investment consulting advice on a continuing basis with an outstanding dedication to client service. Our Team maintains a commitment to understanding each organization's financial needs and objectives. Our efforts to understand these needs and objectives and our ability to convert this understanding into a customized investment plan are the keys to our success.

As your Investment Consultant, we will offer the following investment advisory services:

- Asset Allocation Assistance
- Investment Policy Assistance
- Performance Reporting
- Investment Performance Monitoring
- Investment Manager Search and Due Diligence
- Investment Advice and Consulting
- Trustee and Board Education

This response is based on our preliminary understanding of the scope of work and complexity of the assignment. Although we believe it to be a fair response with a fair fee for service, we are open to further discussion regarding the details of your needs to better address your concerns.

If we receive the opportunity to work with you, Area Agency on Aging of Pasco-Pinellas, Inc. would be a valued client to UBS and our team. If UBS can provide any additional information to you during your evaluation process, please don't hesitate to contact us directly with any questions.

Sincerely,

Addicus Partners

1 As of 6/31/21 for the UBS Institutional Consulting Group Services Program



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Executive Summary

Insightful advice. Ongoing collaboration.

Managing a thriving organization today takes broad capabilities. When you collaborate with the UBS Addicus Partners team you receive the benefits of:

- Individualized, hands-on guidance
- A knowledgeable and diverse perspective, gained through our broad experience serving many types of institutions
- The clear fiduciary responsibility we assume for the investment advice we provide, and our ability to help you develop processes consistent with fiduciary standards
- A commitment to client service
- The intellectual capital, global insights and research capabilities of UBS, the largest wealth manager in the world¹

Objective advice, focused on your goals

In the UBS Institutional Consulting program our advice is focused on your goals as our fees are not tied to specific investments that we recommend. Rather, we are paid a consulting fee that does not vary depending upon your portfolio choices. Moreover, we will acknowledge in our Services Agreement that we will act as a fiduciary for our services as described more fully in our Agreement.

A recognized leader guiding the investment process²

Addicus Partners is part of the UBS Institutional Consulting Group—a select group within UBS. The UBS Institutional Consulting Group has been servicing clients for more than 35 years. We share your commitment to sound governance, and provide practical solutions to help you manage your duties and responsibilities and achieve your goals.

UBS designates only certain Financial Advisors as UBS Institutional Consultants. Institutional Consultants must have a combination of education, financial industry experience, and institutional assets under management. Some of these requirements generally include:

Attaining some of the more rigorous designations in the industry, such as:

- Certified Investment Management Analyst (CIMA®) or Chartered Financial Analyst® (CFA®)³ credentials
- Meeting certain client asset thresholds at UBS
- Possessing at least five years of institutional industry experience
- Maintaining eligibility prerequisites which are verified annually by program management

Personal attention and customized advice

Our team takes time to understand your organization so that we can offer a thoughtful, customized path to pursue your long-term goals and objectives. We are available to meet with you at a minimum quarterly, providing a regular opportunity for discussion whether in person or virtually so you can fully understand our recommendations and the impact of those decisions.

A robust core service offering tailored to your needs

Our team is equipped with sophisticated modeling and analytical tools, insightful research and customized investment reporting solutions that can be tailored to meet your needs. Our core services include:



- Investment Policy Advice and Assistance - A clearly defined Investment Policy Statement (IPS) is vital to any well-executed investment program and is your guidepost for consistent, informed decision-making. We'll help you to develop or fine-tune your IPS, enabling your organization to define and manage your responsibilities, governance and portfolio goals.
- Asset Allocation Studies and Analysis - We'll help you evaluate different paths to your organization's goals using portfolio optimization techniques, economic forecasts and proprietary capital market assumptions developed by UBS and based on your risk profile.
- Investment Manager Search, Identification and Recommendation - We'll begin by examining the universe of managers that have been approved by our investment manager research team. Our team then uses your Investment Policy Statement and our own experience and observations to recommend the right mix of investments for your needs.
- Portfolio Evaluation and Review - With regular evaluation and review of your investment holdings, we will help you stay on top of short- and long-term objectives for your portfolio while making recommendations to optimize investments and manage risk.

Prepared to help you fulfill your investment objectives¹

- UBS Institutional Consulting Group founded in 1984
- An active network of over 170 consultants
- Serving more than 640 institutions with a combined \$94 billion
- Backed by the intellectual capital of UBS Group AG, a global wealth management firm with a 150-year heritage

We look forward to working with Area Agency on Aging of Pasco-Pinellas, Inc.

We sincerely appreciate the opportunity to respond to your proposal, and we hope to have the chance to serve you. We look forward to meeting in person to learn more about your objectives and how we can help you pursue them.

Thank you,

Addicus Partners

1 Scorpio Partnership's "Global Private Banking Benchmark 2017" rank of global wealth managers by assets under management. Click to view.

2 Best Research and Asset Allocation Advice, Euromoney, 2018, 2016, 2015. Accolades are independently determined and awarded by their respective publications. For more information on a particular rating, visit its corresponding website. Neither UBS Financial Services Inc. nor its employees pay a fee in exchange for these ratings. Accolades can be based on a variety of criteria including length of service, compliance records, client satisfaction, assets under management, revenue, type of clientele and more.

3 CIMA® is a registered certification mark of the Investments & Wealth Institute (formerly IMCA) in the United States of America and worldwide. CFA® and Chartered Financial Analyst® are trademarks owned by the CFA Institute.

4 as of 6/31/21



Response to RFP

1. Firm Background

- **Firm's contact information.**

Addicus Partners of UBS Private Wealth Management

Chase Williams, CFA, CAIA, CRPS

Institutional Consultant

Tel: 813-227-2857

Chase.Williams@ubs.com

Matthew Gordon, CFP

Managing Director – Private Wealth Management

Tel: 813-227-2872

Matt.Gordon@ubs.com

- **When was your firm founded? Please provide a brief history of your firm, an outline of your firm's organizational structure, and the number of professionals.**

UBS AG is one of the world's leading financial firms, a leading global wealth manager and investment banking and securities firm with a strong institutional and corporate client franchise and a key asset manager. UBS is present in all major financial centers worldwide. It has offices in more than 50 countries and employs nearly 73,000 people around the world with employees working in the Americas, Switzerland, Europe, the Middle East, Africa and Asia Pacific. Its shares are listed on the SWX Swiss Stock Exchange and the New York Stock Exchange (NYSE).

UBS is managed through four Business Groups: Wealth Management & Swiss Bank; Wealth Management Americas; Asset Management; and Investment Bank. As a member of the UBS AG family, UBS Financial Services Inc. is a full service brokerage firm with a network of over 6,000 Financial Advisors. UBS AG enjoys strong long-term credit ratings from all the major agencies (as of 08/04/2021). For details, please see our website at <https://www.ubs.com/global/en/investor-relations/investors/bondholder-information/ratings.html>

- S&P A+/S
- Moody's Aa3/S

UBS Consulting Group is a distinct group within UBS Financial Services which in turn is part of Wealth Management Americas. UBS Consulting Group has over 35 years of experience providing clients with comprehensive and customized investment consulting services within UBS Financial Services Inc. Investment consulting clients include corporations, private and public retirement plans, Taft-Hartley plans, municipalities, foundations, non-profits, and endowments. There are over 170 Institutional Consultants and Endowment and Foundation Consultants, and 500 Retirement Plan Consultants nationwide with approximately \$166 billion of client assets under advisement (06/21).



- **Describe your firm's culture, approach to investment services, and your firm's investment philosophy. What competitive advantages do these offers?**

The philosophy of our UBS Consulting Group is to provide clients with customized investment consulting advice on a continuing basis and to provide outstanding dedication to client service. This enables our clients to make more informed decisions about the assets under their stewardship. Our team maintains a commitment to understanding each organization's financial needs and objectives. Our efforts to understand these needs and objectives and our ability to convert this understanding into a customized investment plan are the keys to our success.

At the foundation of our relationship with each client is a process, rather than products. Exceptional advisory services are based on a thoughtful and disciplined approach to investing, no matter the situation or level of complexity.

- **What is your firm's total assets under management (AUM)?**

**UBS Financial Services programs
Institutional Consulting, Retirement Plan Consulting,
Retirement Plan Guided Solutions (12/31/2021)**

Client Type	Clients	% of Assets	Assets	Largest Account
Corporation	3540	75.8%	\$130,019,825,501	\$15,158,214,321
Hospital	66	7.0%	\$12,036,887,164	\$3,947,934,778
Non-Profit	294	5.8%	\$9,926,432,906	\$1,042,852,917
Public Fund (Govt/Muni)	91	7.7%	\$13,188,580,730	\$3,040,776,710
Religious Org	44	1.5%	\$2,515,377,165	\$317,160,032
Taft-Hartley	35	1.0%	\$1,739,584,503	\$286,853,568
University/Educational	29	0.9%	\$1,498,807,829	\$755,625,671
Other	15	0.4%	\$650,341,141	\$300,645,678
Total	4114	100%	\$171,575,836,940	

Account Type	Clients	% of Assets	Assets	Largest Account
Defined Contribution	3604	72.9%	\$125,021,619,078	\$15,158,214,321
Defined Benefit	114	10.5%	\$18,007,365,496	\$3,040,776,710
Deferred Comp	50	0.4%	\$660,690,823	\$72,419,207
Health & Welfare	14	0.2%	\$419,944,618	\$127,124,750
Endowments & Foundations	130	6.4%	\$10,942,212,107	\$3,947,934,778
Non-Profit Reserve/Operating	107	2.0%	\$3,353,484,725	\$806,030,829
Corp. Reserve/Operating	59	4.9%	\$8,439,887,843	\$2,080,811,042
Other	36	2.8%	\$4,730,632,249	\$1,294,358,126
Total	4114	100%	\$171,575,836,940	

- **How many clients do you serve? What is the range of AUM for your clients?**

Please see table above.

- **Is your firm affiliated with a Member Firm? If so, what is the AUM for that Member Firm?**

UBS Financial Services Inc. is 100% owned by UBS Americas Inc., a non-public company and a wholly-owned subsidiary of UBS AG. UBS Americas Inc.'s information is set forth below:



UBS Americas Inc.
677 Washington Blvd.
Stamford, CT 06901

- **How many nonprofit clients do you presently serve, if any, and what is the range of AUM for those clients?**

UBS currently serves 294 non-profit organizations ranging from \$1,000,00 to \$1,024,852,917 in AUM.

- **How many Not-for-Profit Organization clients do you presently serve, if any?**

Please see table above.

- **Please list all active registrations with regulatory bodies.**

UBS Financial Services Inc. is a fully licensed broker/dealer and is a registered advisor with the SEC under the Investment Advisor Act of 1940 and functions as a fiduciary as provided under such Act. Confirmation of the firm's SEC and state registration is available through publicly available filings at the Securities and Exchange Commission: http://www.adviserinfo.sec.gov/IAPD/IAPDFirmSummary.aspx?ORG_PK=8174

- **Please outline the insurance your firm maintains.**

UBS AG has primary insurance through Zurich Insurance Company for global liability and global property insurance. Workers compensation insurer is Sentry Insurance. The Zurich Insurance Company holds strong financial strength ratings from the major ratings agencies: S&P: AA-/stable; A.M. Best: A+/ stable (09/19).

Errors and Omissions Coverage

UBS has Errors and Omissions insurance through National Union Fire Insurance Company which protects the firm against wrongful acts in the rendering or failure to render professional services, including services as a fiduciary and an ERISA fiduciary. The annual aggregate limit of liability is \$25 million. National Union Fire Insurance Company which has a financial strength rating by A.M. Best: A/stable (07/19).

Fidelity Bond/ Employee Dishonesty

UBS maintains a fidelity bond with National Union Fire Insurance Company and is available for loss to the firm due to employee dishonesty, theft, destruction, or other perils. The limit of liability is \$25 million. National Union Fire Insurance Company which has a financial strength rating by A.M. Best: A/stable (07/19).

Cyber Liability

UBS has Cyber Risk insurance through AIG Europe AG which covers the costs associated with a security breach, a system breach or a breach of data protection obligations in the amount of \$25,000,000.

Account Protection

UBS Financial Services Inc. is a member of the Securities Investor Protection Corporation (SIPC). SIPC protects securities customers of its members up to \$500,000, including \$250,000 for claims of cash. Explanatory brochure available upon request or at www.sipc.org

UBS Financial Services Inc., and certain affiliates have purchased supplemental protection. The maximum amount payable to all clients collectively under the supplemental policy is \$500 million as of December 10, 2020. Subject to the policy conditions and limitations, cash at UBS Financial Services Inc. is further protected up to \$1.9 million in the aggregate for all your accounts held in a particular capacity. A full copy of the policy wording is available by asking your Financial Advisor.

Neither the SIPC protection nor the supplemental protection apply to:



- Certain financial assets controlled by (and included in your account value) but held away from UBS Financial Services Inc. For example certain:
 - Insurance products including variable annuities, and
 - Shares of mutual funds where shares are registered directly in the name of the account holder on the books and records of the issuer or transfer agent;
- Investment contracts or investment interests (e.g., limited partnerships and private placements) that are not registered under the Securities Act of 1933;
- Commodities contracts (such as foreign exchange and precious metal contracts), including futures contracts and commodity option contracts; and
- Deposit accounts (except certificates of deposit) at UBS Bank USA, UBS AG Stamford branch and banks in the FDIC-Insured Deposit Program.

The SIPC protection and the supplemental protection do not apply to these assets even if they otherwise appear on your statements. The SIPC protection and the supplemental protection do not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise).

Ask your Financial Advisor for more information about SIPC. To obtain more information, including the SIPC brochure, you may also contact SIPC directly by visiting the SIPC web site at www.sipc.org or calling 202-371-8300.

Relevant to custody functions, UBS maintains insurance coverage for Bond and Professional Liability with National Union Fire Insurance Company.

• **Do you have any client or account size limitations or minimums for your investment services?**

Our account size minimum for Institutional Consulting is \$1,000,000 with most clients.

• **Please disclose your firm's approach to potential conflicts of interest. Does your firm or any of its affiliates derive any economic benefit from any managers, mutual funds, or other investment entities that you might recommend?**

UBS and our Consulting Group **do not** receive any revenue sharing payments for mutual fund assets held in an IC account nor for mutual fund assets held away from UBS.

UBS Financial Services has adopted a Code of Ethics which is provided to all employees of the firm. The Code, which supplements the firm's Code of Conduct, has a dual purpose: to set forth standards of conduct that apply to all employees of the firm including the firm's fiduciary obligation to its clients; and, to address conflicts of interest associated with the personal trading activities of a subset of employees defined as "access persons."

For firm information, please see our Form ADV, Item 11 Code of ethics and participation or interest in client transactions.

2. Services

• **Outline scope of services, how long you have offered those services, and for how many clients you support with each service.**

UBS Institutional Consulting Group offers clients a *process* rather than *products*. This process is ongoing, and consists of five core consulting services:

- Investment Policy Statement Advice and Assistance
- Asset Allocation Studies and Analysis
- Investment Manager and Strategy Searches and Recommendations
- Portfolio Review, Evaluation and Reporting



- Trustee Education

1. Investment Policy Advice and Assistance:

A well-crafted Investment Policy Statement (IPS) provides the framework for sound and sensible long-term decision making.

Your Institutional Consulting team will work to understand your organization, its goals and obligations, and its risk profile. The consultants will evaluate your investment policy statement and recommend where refinements are needed, or design a formal IPS if one does not exist.

The IPS will offer a clear blueprint for the selection, monitoring and replacement of investments, including:

- Investment objectives
- Return objectives, both before- and after-tax
- Benchmarks for evaluating performance
- Asset allocation parameters and risk constraints
- Prohibited asset classes and securities
- Acceptable risk levels
- Time horizon
- Liquidity needs
- Diversification requirements

In working with your IPS, the goal will be to align our proprietary UBS capital markets assumptions and your organization's risk tolerance to help you establish reasonable return objectives.

2. Asset Allocation Studies and Analysis:

The appropriate asset mix is critical to achieving your organization's goals. The team will design an asset allocation that enacts your investment policy while seeking to accommodate your projected cash flows and obligations.

Your asset allocation will be based on:

- Your investment objectives and risk tolerance
- Sophisticated proprietary methodologies that leverage our firm's capital markets assumptions
- An estimate of expected relative reactions during all market scenarios
- An understanding of the economic and fundamental factors that influence each asset class being considered for inclusion
- Our firm's research on the future risk and return potential of each asset category under consideration
- Equity and fixed income allocations that are segmented into subclasses and investment styles
- Correlation among asset classes as well as market-related risks

The team will revisit your asset allocation periodically to assist you in making adjustments based on changes in capital markets expectations, actual returns of underlying funds, and changes in your objectives and risk tolerance.

3. Manager and Strategy Selection:

At UBS Institutional Consulting Group, we believe that managed investments are the optimal way to grow and safeguard an organization's assets. Therefore, our Consultants only recommend managed investments that have been vetted and approved by the UBS Investment Management Research Group.

UBSIC will not recommend, or agree to serve as a fiduciary for, individual securities, nor for managers who are not part of the firm's research universe.



UBSIC draws from a proprietary research database that includes the full spectrum of asset classes, investment styles, strategic approaches and product types, including:

- Domestic and international equity in all capitalizations and styles
- Domestic and international fixed income in all sectors, durations and credits
- Alternative investments including hedge funds, private equity funds, real estate, managed futures and commodities
- Fundamental, quantitative and passive strategies
- Separately managed accounts, exchange-traded funds and mutual fund strategies

The investment strategies in our database are under continual due diligence. Meanwhile, new strategies are added and underperforming strategies are removed on an ongoing basis.

Your Investment Policy Statement will establish guidelines to be sent to your investment managers, and criteria by which they will be monitored. The team may recommend that a manager be terminated if the manager fails to abide by the guidelines set in your IPS, or if the manager no longer meets the qualitative or quantitative criteria used for ongoing manager evaluation. However, dismissing a manager for the sole reason of short-term underperformance may lead to unnecessary turnover costs and counterproductive performance-chasing.

4. Performance Reporting and Analysis:

The team provides regular evaluations of your organization's portfolio including:

- Change in value of the assets, including any additions or withdrawals
- Industry standard time-weighted rates of return
- Risk-adjusted return analysis
- Detailed investment performance analysis
- Objective comparisons to appropriate benchmarks, peers, inflation and stated goals
- Market cycle comparisons
- Performance attribution analysis for separately managed accounts

5. Trustee education:

Well-informed decision-makers make better decisions. We are available for staff training and board meetings. We view every meeting as an opportunity for ongoing communication on a wide variety of topics, including investment performance, asset allocation and capital market updates.

We leverage expertise and the intellectual capital of UBS Chief Investment Office and other sources to provide access and insight on the global and domestic economic outlook, as well as in-depth analyses of capital market trends. We go beyond the returns to analyze and interpret the composition of those results. Based on the performance of your investments and your progress toward your goals, the team can make recommendations about whether to adjust the focus and types of investments held in your portfolio. We will consider whether any changes in your organization's structure or mission may affect the composition of your portfolio.

You have access to the firm's global and domestic economic outlook in order to help your board stay current with broad trends. Your Institutional Consultant is available for ongoing education that can equip your organization to make more informed decisions. In addition, the team can serve as a facilitator to enhance the exchange of information between your organization and other professionals associated with your portfolio, such as auditors, actuaries and investment managers.

- **How does your firm assist institutional clients in the formulation and implementation of investment goals and policies?**

Investment Policy Statement



Helping clients develop a comprehensive investment policy statement is one of the key services we provide as a fiduciary under our Institutional Consulting Services Agreement. An investment policy statement specifies the organization's mission, roles and responsibilities as fiduciaries, along with investment goals and objectives, and details the acceptable investment vehicles that may be used to get there. The result of our intensive process will be an investment policy that more closely aligns the mission and needs of your organization with the appropriate investment plan based on your risk assessment and investment objectives.

The investment policy is intended to be a blueprint for current and future committee members. It should offer guidance for the selection, monitoring and replacement of investments. We have customized a wide variety of policy statements over the years, ranging from broad overview statements to highly detailed documents. We believe that adhering to an appropriate documented process and reviewing the policy annually are critical components of fulfilling a trustee's fiduciary responsibility.

We will work with your committee to understand your organization's time horizon, liquidity needs and risk tolerance. The investment policy statement should address, at minimum, the following elements:

- Investment objectives
- Asset allocation parameters
- Investment manager selection and evaluation criteria
- Expected returns
- Benchmarks for performance evaluation
- Acceptable risk levels
- Allowable and prohibited investments

We will help you establish investment objectives using our proprietary risk profile process—Risk Profiling for Institutional Consulting ("RPIC")—which will help guide your organization through various elements of developing a picture of risk tolerance and investment objectives. Incorporating the RPIC as part of our overall investment consulting process provides a clear vision of what steps to take along the way. In addition, our tools (that leverage our proprietary UBS capital market assumptions) and research capabilities will help you understand and outline a prudent implementation strategy toward achieving your goals.

Your investment policy statement will establish guidelines that investment managers must follow and by which they will be assessed. The continued use of a manager will be scrutinized if any of the criteria are not being met.

Our team will engage with you to periodically review your investment portfolio – including each manager's performance - to assess your progress, and recommend any adjustments that may be needed to achieve your investment strategy or address changes in your organization's financial situation.

This comprehensive approach also provides an opportunity for an ongoing dialogue with your Consultant that can help you be more confident about the decisions you make as a fiduciary for your organization's financial future.

- **What is your client service model?**

Please see answer to question above regarding our scope of service.

- **Please provide the background of your firm's principals and the team that would most likely be assigned to serve the AAAPP.**

Please see the Addicus Partners team brochure in the appendix for more information on the team assigned to serve the AAAPP.



3. Investment Management

- **Describe your firm's investment management service and experience.**

The UBS Institutional and Retirement Plan Consulting Group provides investment advisory services within UBS Financial Services Inc. We have served the consulting needs of institutional and retirement plan clients since 1984.

UBS Consultants bring years of experience to their work with more than 3700 sophisticated institutions including corporations, private and public retirement plans, Taft-Hartley plans, municipalities, foundations, non-profits, and endowments. Together, our Consulting Group teams have approximately \$166 billion of client assets under advisement (as of 06/2021).

UBS AG is one of the world's leading financial firms with a strong institutional and corporate client franchise. The firm has offices in more than 50 countries, and employs approximately 73,000 people worldwide. Its shares are listed on the SWX Swiss Stock Exchange and the New York Stock Exchange (NYSE). UBS enjoys strong long-term credit ratings from all the major agencies. UBS Financial Services Inc. is a subsidiary of UBS AG and a full-service brokerage firm with a network of more than 6,000 Financial Advisors.

When you work with our Consulting Group team, you achieve access to the scope and economies of scale that a global wealth manager such as UBS can offer. Our team is supported by more than 200 experienced UBS Financial Services analysts, due diligence officers and investment strategists from several research groups. We draw on their expertise to design and implement portfolios for our clients.

- **Briefly describe your ongoing portfolio monitoring and performance measurement processes. How is performance calculated?**

Our team will review and evaluate your organization's performance through the lens of your organization's goals as defined in your Investment Policy Statement as well as through the perspective of a Capital Markets Overview that will put manager performance into perspective with the overall markets. Your customized performance report is one of our primary tools used for evaluation. Although not an exclusive list, our team will evaluate performance based on criteria set by you, which may include:

- Each manager's performance on an absolute and relative basis;
- Each manager's return relative to risk,
- Each Beta, R-squared Sharpe Ratio and up-market/down-market analyses.
- Portfolio characteristic and style attribution analysis; and
- Historical asset evaluation for a variety of investment strategies and vehicles.
- Timing, security selection, sector weighting and style to determine the contribution of each one to investment return

- **Please provide an overview of your firm's investment performance, net and gross of all fees and expenses, that includes the most recent ten-year period.**

Due to the new SEC marketing rules passed this year, we're unable to provide hypothetical investment performance. Our client portfolios are comprised of a mix of portfolio managers and we monitor performance at two levels – the portfolio manager level and the client portfolio level.

In addition, our clients have a wide variety of investment objectives, risk-tolerance levels, constraints, and preferences, and therefore client performance comparisons are not applicable. For each client, we compare their performance with their own specific goals and parameters over time. Our Team does not try to fit clients into a standard portfolio of managers and products. Instead, we craft a customized solution to meet the needs and committee concerns of each individual client.



We are happy to discuss the performance of some of the portfolio managers who we have recommended. Many of these portfolio managers are in the top quartile of their universe over time when measured for performance, risk and risk-adjusted returns.

- **Describe your manager's selection process and the strengths of your process. How many managers do you actively track?**

To be included in our proprietary database, managers must satisfy stringent requirements and are subject to ongoing due diligence review. Investment Management Research evaluates over 600 manager strategies and meets with approximately 200 different managers each year. Investment Management Research has averaged more than 1000 calls or meetings per year, respectively, with portfolio managers and analysts at investment firms. Unfortunately, due to confidentiality concerns, we cannot disclose the managers we meet.

Our goal is to understand more than just how an investment manager has performed in the past. We focus on whether that manager has the qualities, capabilities and expertise to potentially perform well in the future. Our research does not stop there, however. Once selected, each manager must continue to meet our rigorous evaluation standards to remain a part of our researched database. Our analysis includes both quantitative and qualitative factors.

The following bullet points highlight the Investment Management Research team's process. A more in-depth discussion of each step follows if additional details are needed.

- Screen asset class for managers
- Screen based on Quantitative analysis
- Screen based on Qualitative analysis

With the exception of Emerging Managers/Strategies, our guidelines generally require at least three years of performance history for each strategy being reviewed. We also generally require a separate account composite to have at least \$100 million of assets. The quantitative criteria we consider include:

- **Organization:** The investment management firm must be financially and structurally sound, and have the resources to carry out its strategy.
- **Personnel:** An investment process is only as good as the people who own it – as individuals and as a team. The manager must have skilled, experienced and knowledgeable professionals.
- **Philosophy:** The manager must demonstrate a clearly defined, disciplined investment philosophy that is based on sound investment theory.
- **Process:** It is important that a manager's techniques for selecting and selling securities be sound, consistent and research-intensive.
- **Risk Management:** Although risk cannot be eliminated, it can be managed. We expect the manager to have a system of risk controls as part of its investment process.
- **Quality of Research:** It is essential that the manager's research team have the capacity and resources to evaluate and track the full universe of investment opportunities defined by the investment philosophy.
- **Implementation and Style Consistency:** The implementation of a manager's ideas into client portfolios must be timely and efficient. The manager also is expected to adhere to its particular investment style.
- **Performance:** To give a complete picture, a manager's performance must be studied in context and over a sufficient period of time.

Qualitative analysis

While quantitative performance screening and monitoring is an important part of the process, it represents only a portion of the criteria we consider. Our analysis considers qualitative traits that include:



- **Experience:** The markets are great teachers, but you have to have been a student long enough to learn the lessons they offer.
- **Objectivity:** The perspective that keeps one from being caught up in the emotion of the marketplace to see things clearly for what they are, and what they are not.
- **Independent Thinking:** The ability to think differently from the crowd and to act accordingly. The goal of independent thinking is to be able to proactively exploit the excess emotions of the markets.
- **Creativity:** The foresight to find a solution before anyone else sees it. Creative managers are constantly looking forward and challenging the status quo.
- **Patience:** The manager's ability to wait for genuine opportunities and to resist the pressure to act when opportunities do not exist.
- **Discipline:** The manager's strict adherence to their stated investment philosophy and process, regardless of market conditions.

One key goal of the SMA research process is to understand the emotional side of investing, and through analysis, to identify managers who possess the traits and experience necessary to consistently execute their investment philosophy.

- **What is your firm's approach to portfolio risk monitoring and management?**

Our team uses an advanced portfolio analysis and simulation tool that employs sophisticated simulation techniques to calculate estimates for the future projected growth of a portfolio.

Prospectively, we also use robust quantitative analysis tools to quantify past portfolio performance and assess a broad array of key statistics at the manager and portfolio level. These include well-known measures such as standard deviation, Sharpe ratio, R-squared and information ratio. The tool also calculates additional information such as Treynor ratio, Sortino ratio, upside and downside capture and downside deviation, among others. For fixed income securities, we also measure duration, convexity and credit quality.

- **Describe your firm's investment analysis system.**

UBS Investment Management Analysis (IMA), the group responsible for evaluating SMA managers since 1978, is a dedicated team of analysts that construct and maintain the UBS proprietary SMA manager selection database. IMA uses a proprietary, multi-step due diligence process that utilizes both quantitative and qualitative analysis. It is a carefully crafted and disciplined process that is focused on selecting SMA managers to fulfill certain mandates.



Research process: Qualitative analysis

Looking for investment processes that deliver repeatable and understandable outputs.



What

1. Parent/Organization

- Management structure
- Financial stability
- Compensation

2. People

- Experience and skill set
- Collaboration
- Investment resources

3. Philosophy

- Investment philosophy
- Sourcing/Evaluation
- Differentiating attributes

4. Process

- Objectivity/Creativity
- Debate/Ownership
- Effectiveness/Continuity

5. Performance

- Absolute performance
- Risk-adjusted returns
- Consistency

6. Holdings

- Suitability
- Portfolio construction
- Risk management

How

- Questionnaire
- Onsite Visits
- Meetings and Calls
- Analyst Research Note
- Analyst Peer Reviews
- Manager Presentations
- Committee Vote



The IMA proprietary SMA researched database currently contains over 700 individual investment strategies from approximately 300 investment managers. In order to get approved for inclusion in the IMA SMA database, IMA will often interview the manager, collect the qualitative and quantitative data, and present it to the internal Investment Management Analysis Committee. For strategies made available on the researched platform, the Committee will assign a rating designation of Select (High conviction), Emerging, or Available. The managers that are eligible for our team to recommend must have ratings of either Select, Emerging, or Available for solicitation. In addition, to continue to be included in the SMA database, these investment managers are subjected to on-going due diligence conducted by IMA. IMA will schedule meetings and visits as appropriate to investigate significant developments. Follow up meetings and/or telephone interviews take place on an ongoing basis with these firms and we require questionnaires be completed by the managers. Over the past few years, the IMA group has averaged over 750 manager meetings or calls per year.

IMA also works hand in hand with our team to identify new manager strategies for IMA to review for potential inclusion in our firm's proprietary SMA manager database.

Manager Research Select List

Of the 700+ strategies researched by IMA for the firm's platform, there are roughly 150 mutual funds and 50 SMAs that IMA includes on a Select List. To make the Select List, SMA managers and a limited subset of mutual funds researched by IMA go through a rigorous process which seeks to identify the likelihood of outperformance relative to its peers or benchmark over a full market cycle. The vast majority of mutual funds available on the UBS platform are not researched by IMA and therefore are not considered for the Select List. Our team can utilize the Select designated strategies as an additional resource for recommending high-conviction managers and mutual funds. The Select Lists are published for internal use only and can be, but are not required to be, used as a resource by Financial Advisors when recommending SMAs and mutual funds to clients. These lists are updated periodically. Financial Advisors have access to various resources to review and select the investments and managers they recommend to clients. As such, the SMA managers and mutual funds in which you invest may or may not be part of these Select Lists.

- **Do you offer proprietary products? If so, are those the only investment options you offer your clients?**



UBS does offer proprietary products to our clients, however we are not required to use these products. We're able to leverage our Investment Management Research team to utilize the best in class managers.

- **Briefly describe your experience and expertise, if any, with alternative investments.**

UBS believes that alternative investments may enhance an investment program by further diversifying overall portfolio risk and sources of return over the long term. By combining alternative strategies with traditional assets, qualified investors have an opportunity to create more efficient portfolios that pursue gains and wealth preservation in up and down markets alike. However, we recognize that alternative investing is not available or appropriate for every investor. Interests of such funds are sold only to qualified investors. Alternative investment funds are speculative and involve significant risks, performance may be volatile, and investors may lose all or a substantial amount of their investment in an alternative investments fund. An alternative investment may engage in leveraging and other speculative investment practices that may increase the risk of investment loss. Interests in alternative investment funds typically will be illiquid and no secondary market for interests usually develops, are long-term investments (e.g., 10-15 years), are subject to restrictions on transfer, may suspend redemptions, may not be required to provide periodic pricing or valuation information to investors. In addition, an alternative investment fund may hold back a portion of redemption proceeds to cover accrued expenses, contingencies and liabilities.

UBS Alternative Investments US offers a wide selection of quality investment choices that cover a broad range of non-traditional strategies and structures. These strategies may include Hedge Funds; Hedge Funds-of-Funds (for example, diversified, multi-strategy, relative value, event-driven, equity long/short, directional/tactical, global macro, managed futures and structured products); Real Estate; Private Equity; and Commodities.

Our team can explore and present for consideration the potential benefits alternative investments could provide to your organization's portfolio.

- **Do you segregate client assets from your firm's assets, and do you maintain enough liquid assets, net of any liabilities, to protect your clients' assets in the unlikely event of your firm's liquidation?**

As a registered US broker-dealer, UBS Financial Services is subject to and complies with the net capital requirements set forth in SEA Rule 15c3-1. Additionally, UBS Financial Services consistently maintains capital well in excess of the minimum requirement. UBS Financial Services Inc. is not required to comply with the Federal Reserve's capital adequacy guidelines.

UBS Financial Services is subject to the SEC Uniform Net Capital Rule. As of March 31, 2021, UBS Financial Services Inc.'s net capital was \$1.143 billion, which exceeds the minimum net capital requirement by \$1.004 billion. Statement of UBS Financial Services financial condition available at our website:

<https://www.ubs.com/us/en/wealth-management/about-us.html>

UBS AG has a Basel III common equity tier 1 (CET1) capital ratio fully applied of 14.5% (6/30/2021). The Basel III framework is a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk; implemented by each country, it is designed to improve the banking sector's ability to absorb shocks arising from financial and economic stress. For greater details, please see our Firm's key figures on our website: <https://www.ubs.com/global/en/investor-relations/financial-information/pillar-3-disclosures.html>

- **Please describe your fee structure and the services included. Please detail all fees for your work as an advisor, estimated manager costs, custody services, commissions, and any other potential a la carte fees. Also, identify any other costs that might be incurred.**

Under the UBS Institutional Consulting Program, minimum fees will vary depending on the total assets for a specific client and the complexity of the services provided. The minimum asset threshold for our Institutional Consulting program is \$1 million. For the standard fee schedule, please see our Form ADV Part II Disclosure Document, Item 4. Section B.:



http://www.adviserinfo.sec.gov/IAPD/Part2Brochures.aspx?ORG_PK=8174

Under a UBS Institutional Consulting Services Agreement, we can guarantee our fee for up to three years. Our Consulting Team can review and discuss adjusting our consulting fee for our services as often as our clients prefer. As the assets in your portfolio grow, we will work with you to adjust our consulting fee accordingly. Any changes would be mutually agreed upon and confirmed in our UBS Consulting Services Agreement. We can leverage our scale and long-standing relationships with investment managers to assist our clients in the negotiation of their fees and account minimums.

Internally, we compare each potential client opportunity against our entire database, which reflects our decades of consulting history. We review certain relevant data points such as size, account type, client type and geographic information in order to ensure that our bids are competitive. Externally, we try to gain a clear understanding of the projected workload, time, meetings and reporting for each prospective client. This helps us design a fee proposal that truly reflects the scope of the engagement. Given the large number of investment proposals the UBS Institutional Consulting Group responds to annually, we feel we have an excellent understanding of the how to price fees competitively.

Your total fee consists of advisory fees and investment management fees. Our advisory fees will start at 1% assuming \$1 million in assets. The investment management fees will vary depending on the asset allocation, active vs. passive management, fund vehicle, and use of alternative investments.



UBS Form ADV & Important Information

Form ADV Part I & Part II

UBS Financial Services Inc. is a fully licensed broker-dealer and is a registered advisor with the Securities and Exchange Commission (SEC) under the Investment Advisor Act of 1940 and functions as a fiduciary as provided under such Act. The firm's Form ADV Part I is available through publicly available filings at the Securities and Exchange Commission at:

- I. <http://www.adviserinfo.sec.gov/IAPD/IAPDSearch.aspx>

The UBS Institutional and Retirement Plan Consulting Services Group programs provide services as a fiduciary under a separate Form ADV which allows us to provide independent consulting services. Our Form ADV Part II Disclosure Document is available through public filing at the Securities and Exchange Commission (SEC):

- II. http://www.adviserinfo.sec.gov/IAPD/Part2Brochures.aspx?ORG_PK=8174

Important Information

UBS Financial Services Inc. (and its affiliates) (UBS) make various interactive tools, worksheets, white papers, guidebooks, newsletters, research, reports, portfolio analyses and planning tools, and other marketing and disclosure materials (collectively Materials) available to its UBS Consultants, clients and prospective clients. The goal of the Materials is to aid and educate our UBS Consultants, clients and prospective clients in understanding the scope of our service offerings, the issues that should be considered before engaging in an investment transaction, the basic tenants of investing, our views of long-term economic trends and projections, and, subject to certain assumptions, the potential effects that a particular strategy, investment program or product or series of transactions may have on a portfolio. The Materials may include hypothetical illustrations, case studies, discussions of factors to be considered in assessing a potential investment product, strategy and items to consider with respect to account types, services and asset allocation.

This document contains illustrations based on information you have provided to us regarding your particular financial circumstances and investment preferences for the applicable assets. Because there can be several ways and combinations to implement an investment strategy, this document may present one or more hypothetical illustrations. **The options presented are for discussion purposes only and do not constitute a recommendation to buy, hold, or sell any securities or investment products.** You must make independent decisions with respect to any proposals contained within this report. In making those decisions you should review the terms of any Plan with respect to which you are a fiduciary and your obligations to any such Plan under applicable law, including ERISA. Illustrations are made with the understanding that your investment strategy will be implemented at UBS or through a UBS advisory program. We do not assume responsibility for activity you conduct at other financial institutions.

This document and corresponding Materials are provided for discussion and consideration and are intended to aid (and be used by) UBS Consultants in providing you with actual individualized investment recommendations. Therefore, this document and corresponding Materials should only be considered in conjunction with the actual recommendations and advice of your UBS Consultants, our standard UBS account documents, agreements, disclosures, including the ADV Disclosure Brochure(s), and the additional factors that warrant consideration for your particular financial situation, including costs. This material is not intended and should not be construed to constitute investment advice and does not itself create a fiduciary relationship between you and UBS.



Dedicated team, dynamic road map

Addicus Partners

Private Wealth Management

The numbers

Over **\$1 billion**
assets under management

5-person seasoned
leadership team

70 years
of team experience

160 years
of UBS global wealth
management

Experience makes the difference

We formed Addicus Partners to be a source of stability and assurance for our clients. Our collective experience, paired with the distinct advantage of UBS's global perspective and resources, allows us to provide guidance and service to our clients and professional partners.

In working with our clients to pursue their goals, three principles guide us: Always do the right thing; understand each client's unique situation; and remember our clients are the cornerstone of what we do. By taking the time to understand individual circumstances, family dynamic or business structure, we can create a personalized road map that seeks to protect wealth today and for generations to come.

Customized advice and solutions

Building on expertise

Our focus is to help shape the financial futures of our clients. We harness the combined experience and skills of each team member, and we don't shy away from challenges. Our specialists know what questions to ask and how to apply their knowledge, empowering our clients through steadfast guidance, highly customized plans and unwavering discipline.

Aligning the resources you need

We understand the level of sophistication that successful clients, business owners and highly talented individuals expect from their advisors. Our team-based approach offers integrated wealth management strategies that address your entire financial plan, including:

- Wealth transfer and education for multigenerational families
- Pre- and post-transaction planning for business owners on the sale of their business
- Bringing clarity and stability to complex family issues such as divorce, special needs, and intra-family disputes
- Charitable planning and fulfilling philanthropic goals
- Tailored banking and lending solutions
- Alternative investments
- Retirement plan consulting
- Institutional consulting

Serving your individual needs

Our global reach and drive to solve problems keeps us moving forward. Our timely guidance can help navigate major wealth events in all kinds of market environments, while our integrated team serves as your connection to UBS specialists, locally and globally.

Addicus Partners

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Meet our team

Significant wealth requires strategies that bring together each facet of your financial life.

As a unified team within Private Wealth Management, we draw on the global resources and capabilities of UBS to be the one resource you will ever need for in-depth financial advice.



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Important information about brokerage and advisory services.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business, and that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. For more information, please review client relationship summary provided at ubs.com/relationshipsummary, or ask your UBS Financial Advisor for a copy.

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