Item 1: COVER PAGE

FIRST CITIZENS INVESTOR SERVICES, INC.

Form ADV Part 2A (Appendix 1)

Wealth Strategies Wrap Brochure

8510 Colonnade Center Drive

Raleigh, NC 27615

800-229-0205 FAX 803-931-1196

http://www.firstcitizens.com

Date of Brochure: March 29, 2025

This Form ADV, Part 2 (Appendix 1 – Wrap Brochure) is the First Citizens Investor Services, Inc. wrap program brochure (the "Brochure"). This Brochure provides information about the qualifications and business practices of First Citizens Investor Services, Inc. ("FCIS"). If you have any questions about the contents of this brochure, please contact us at 1-800-229-0205.

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. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about FCIS is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for "First Citizen Investor Services, Inc.," using our firm's SEC number, 801-57302 or our firm's CRD number, 44430.

Item 2: Material Changes

The last annual updating amendment to Form ADV Part 2A-Appendix 1-Wrap Fee Brochure was dated March 31, 2024. Material changes to this Wrap Fee Brochure since the March 31, 2024, filing includes amendments to the following item(s): None

Item 3: Table of Contents

Item 4: Services, Fees, and Compensation

First Citizens Investor Services, Inc. ("FCIS," "we," "us," or "our/ours") is an investment advisory firm and broker dealer that provides investment advisory services to clients under the First Citizens brand. FCIS provides investment advisory services through an Investment Adviser Representative ("IAR") of FCIS. You may obtain information about your IAR through the Brochure Supplement, which is a separate document provided along with this disclosure Brochure. If you did not receive a Brochure Supplement from your IAR, please contact FCIS Compliance at 1-800-229-0205. Individuals receiving this Brochure should be aware that registration or licensure of either FCIS or the individual investment adviser representative does not imply a certain level of skill, training, or expertise in providing advisory services.

Advisory Services

FCIS provides multiple advisory services. This Brochure discusses FCIS's wrap fee program (the "Program"). The Program is a bundle of investment advisory services, including portfolio management, brokerage transactions, advisory services, and portfolio administration, provided by FCIS and third-party affiliated or unaffiliated sub-advisers (called "Third-Party Managers"), for which the client pays an all-inclusive wrap fee. The Program has two options, the Portfolio Manager Program -UMA Option and the Portfolio Manager Program -SMA Option.

Portfolio Manager Program-UMA Option

The Program contains portfolio options managed by affiliated or unaffiliated Third-Party Managers within a Unified Managed Account ("UMA"). FCIS, as the sponsor, has discretionary authority to retain, modify, or discharge Third-Party Manager(s) and portfolio options to its Third-Party Manager Program. The Third-Party Manager independently determines whether to accept each client's Program account based on, among other factors, the Client's investment profile, restrictions imposed by the Client, and any additional relevant information provided by the Client. You give discretionary authority to the Third-Party Manager to include the amount and type of securities to be bought and sold within your account. You may add or amend any reasonable restrictions imposed on your account by providing written instructions to FCIS and the Third-Party Manager. If accepted, the Third-Party Manager invests in securities or assets based on factors the Third-Party Manager deems relevant and appropriate to meet the investment objective.

The Program utilizes a UMA. A UMA is an account that can encompass a range of investment options (e.g., third-party managed accounts, mutual funds, stocks, bonds, and exchange-traded funds) based on each account registration. The UMA removes the need to have more than one account and can combine assets into one account within a single registration, placing each strategy in a segment (or sleeve) of the account. The account is managed for allocation purposes, with each segment managed to its stated objective(s).

Portfolio Manager Program-SMA option

The Program contains portfolio options managed by Third-Party Managers within a Separately Managed Account ("SMA"). FCIS, as the sponsor, has discretionary authority to retain, modify, or discharge Third-Party Manager(s) and portfolio options to its Program. The Third-Party Manager independently determines whether to accept your Program account based on, among other factors, your investment profile, and any additional relevant information you provide. You give discretionary authority to the Third-Party Manager to include the amount and type of securities to be bought and sold within your account. You may add or amend any reasonable restrictions imposed on the account by providing written instructions to FCIS and the Third-Party Manager. If accepted, the Third-Party Manager invests in securities or assets based on factors the Third-Party Manager deems relevant and appropriate to meet the investment objective.

The Program utilizes a SMA. An SMA is an account specific to the selected investment objective and Third-Party Manager.

Fees

The Program fees charged by FCIS (the "Fee" or "Fees") are generally asset-based and are expressed as an annual percentage of the assets in the account. The Fees cover a range of available services including:

- Investment management;
- Ongoing monitoring of Third-Party Managers;
- Services provided by your IAR (including periodic reviews of your account);
- Execution costs and reporting of transactions with or through FCIS;
- Custody of securities by Pershing, LLC ("Pershing") the trade execution and custodying firm; and
- Services provided by the platform provider associated with the program.

The Fees are set forth below in the Program Fee Schedule and represent the maximum standard annual rate for each Program. Fees may be negotiated and may differ among clients based on several factors, including the specific Program(s) selected, the type and size of the account, the overall relationship of the client with FCIS and its affiliates. The Fees on accounts invested through individually structured Fixed Income Portfolios will be established on a negotiated basis. Fees charged for our asset management services are negotiable based on the IAR providing the services, the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the IAR, and the total amount of assets under management for the client. The actual rates agreed upon between a client and FCIS with respect to the Program account will be set forth in client's First Citizens Investor Services Wealth Strategies Agreement.

The indicated Fee will be applied to all Program assets under an incremental approach. The Fee is assessed quarterly in advance, based on the average daily total market value of Program assets during the previous calendar quarter (or at the time the Program account is funded). The Fee charged at account inception is prorated to capture the number of days remaining in the calendar quarter and charged immediately to the account. The Program services continue in effect until terminated by either party (i.e., FCIS or the client) by providing written notice of termination to the other party. Upon such notice, FCIS will cease making investment decisions for the client and implement any reasonable written instructions. Client's agreement will be terminated only after any open trades have been settled. FCIS will refund any un-earned portion of its Fee.

The Fees will be deducted from your account and paid directly to FCIS by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct Fees from your account and pay such Fees directly to FCIS. You should review your account statements received from the qualified custodian(s) and verify that appropriate Fees are being deducted. The qualified custodian(s) will not verify the accuracy of the Fees deducted.

Program Fee Schedule

Account Value	Annualized Fee
First $100,000	1.30%
Next $150,000	1.20%
Next $250,000	1.05%
Next $500,000	0.90%
Over $1,000,000	0.85%

For the Program, Third-Party Manager fees generally ranging from 0.04% and .50% are charged in addition to Program Fees.

Note: Fixed Income Portfolio/Program fees will be determined on a negotiated basis.

Program assets will be valued by an independent pricing service, where available, or otherwise in good faith at the value reflected on Pershing's books and records. The Program account value used for Fee calculation may differ from that shown on your account statement due to settlement-date accounting, the treatment of accrued income, distributions, or necessary adjustments. Where necessary, the Program asset values will be determined based on the trade date, rather than the settlement date, of transactions.

Neither FCIS nor any Third-Party Manager will be compensated on the basis of a share of capital gains or upon capital appreciation of the Program Account. The portion of the Fees paid to any relevant Third-Party Manager are set at the discretion of FCIS and the Third-Party Manager, but ordinarily range between 04 and 50 basis points per year of the relevant Program assets. FCIS absorbs many of the transaction, billing, administrative, and marketing expenses that otherwise would be borne by the Third-Party Manager.

FCIS believes that its Fee is reasonable considering: (1) services provided and (2) the fees charged by other investment advisers offering similar services and programs. However, our Fee is higher than some investment advisers providing similar services or programs. In addition to our compensation, in certain circumstances, you will also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and/or brokerage charges, such as Section 31 fees imposed by the SEC.

Other Program Fees

The funds and similar investment vehicles used in the Program generally impose fees, charges, and other expenses, as described in the respective prospectuses for these securities, and the Program account will bear a proportionate share of these expenses in addition to the Fees. Pershing, FCIS, the Third-Party Manager, platform provider and/or their affiliates may receive distribution payments or other compensation from such Funds pursuant to the Investment Company Act of 1940 and Rules promulgated by the SEC under that Act, or similar compensation from similar investment vehicles, unless the Program account is a Retirement Plan or Retirement Account. Cash balances in Program accounts held by Pershing are automatically swept to a money market fund or similar investment or held in a deposit account(s) maintained by an FCIS affiliate that pass-through any available FDIC coverages. The sponsors and/or IARs for those sweep vehicles receive a management fee or other compensation for their services, and may be affiliates of FCIS, platform provider and/or the Third-Party Manager. FCIS as broker-dealer or Pershing may receive trailing commissions or other compensation based on arrangement with mutual fund companies. If FCIS receives trailing commission from mutual fund companies, these trailing commissions will be rebated to account. These payments may create a conflict of interest related to the funds and other investment products.

Payments to IARs

A portion of the Fees will be paid to your IAR. The Program is only one of a variety of investment options that can be offered by the IAR in his or her various capacities for which he or she could receive compensation. The IAR's compensation through the Program may be more or less than if you participated in other FCIS programs, including paying separately for investment advice, brokerage, and other services. You also have the option to purchase the investment products recommended to you at another broker or agent of your choice.

Depending upon the size of the account, your ability to negotiate Fees or commissions, changes in account value over time and other factors, the IAR's compensation through the Program may be more than if you participated in other FCIS programs or paid separately for investment advice, brokerage, and other services. IARs may therefore have a financial incentive to recommend this Program over other programs or services.

Additional Information Regarding Fees and Expenses

Any SEC and/or exchange fees arising from account activity are absorbed by FCIS. Administrative fees normally applicable to retirement accounts and qualified plans sponsored by Pershing are waived within Program accounts, excluding 401(k) plan set-up fees, retirement account and qualified plan termination fees, and other fees (such as electronic fund/wire transfer fees) identified in the Pershing documents related to retirement accounts and qualified plans. The Fee does not cover transfer taxes, other charges required by law, regulation, brokerage or custodian fees, or rule to be imposed in addition to the Fee, or other charges you agree to pay in addition to the Fee. Some Third-Party Managers may assess additional charges and/or fees for certain products or services which they provide; if the product(s) or service(s) are selected by the client, the Program account will pay those amounts in addition to the Fees.

Program accounts generally are not permitted to effect margin transactions. If FCIS allows a margin transaction in the account, FCIS and/or Pershing will receive additional compensation that will not be credited back to you in calculating the relevant Fee.

You will pay the public offering price on any securities purchased from an underwriter or dealer involved in a distribution, which may result in the payment of distribution compensation to the underwriter or dealer in addition to the relevant Program Fee.

We allow advisory accounts to be collateralized by First-Citizens Bank and Trust Company.

Pershing may act as principal on Program account transactions. No mark-up or mark-down on such trades will be charged to you. Pershing may receive additional benefit from the dealer spread (i.e., the difference between the bid and the offer prices) and from gain on the value of the security. Wrap program fees vary across different programs and sponsors. The Program may cost you more or less than purchasing the component services separately. Before opening a Program account, a client should carefully evaluate the Fees and other expenses, giving due consideration to the cost of such services when purchased separately outside the Program, the type and size of the Account, the historical and anticipated trading activity in the Account, and the number and range of supplementary advisory and client-related services that will be provided to the Account.

FCIS offers those Third-Party Managers that have met the conditions of our due diligence review. There may be other Third-Party Managers that may deliver substantially similar results for you that may be less costly. No guarantees can be made that your financial goals or objectives will be achieved, and no guarantees of performance can be offered.

FCIS strives to invest client funds in the cheapest available share class. Nevertheless, FCIS will still receive 12b-1 fees and/or service fees on certain shares either because the cheapest share class still provides these fees, or from assets that were transferred into a client's account. If FCIS does receive 12b-1 fees or shareholder service fees, the fee will be credited back to the client's account. Registered funds often offer one or more share classes that do not charge 12b-1 or shareholder services fees. You may be able to invest in lower-cost share classes directly. All 12b-1 fees received for mutual funds held in advisory accounts are rebated back to you.

Item 5. Account Requirement and Types of Clients

Clients

FCIS' investment advisory clients include individuals, trusts, estates, charitable organizations, pension and profit-sharing plans, corporations, and other business.

You are required to execute a written agreement with FCIS specifying the advisory services you will receive in order to establish a client arrangement with FCIS.

Minimum Investment Amounts Required

FCIS requires a minimum of $25,000 to open a Program account. There are some portfolio models and Third-Party Managers within our program that have a minimum account size of $100,000. Third-party Managers may have minimum account and minimum fee requirements to participate in their programs. Each Third-Party Manager will disclose its minimum account size and fees in its Wrap Program Disclosure Brochure.

Item 6. Third-Party Manager Selection and Evaluation

FCIS has selected the Third-Party Managers available in the Program primarily from information that was provided by those firms and/or was publicly available. Performance information used by FCIS is generally provided by the relevant third-party management firm. FCIS does not attempt to independently determine or verify the information's accuracy or its compliance with presentation standards. The third-party management firms may not calculate performance information on a uniform or consistent basis. FCIS from time-to-time considers additional third-party management firms for the Program. In this process, FCIS may obtain and rely upon certain information from independent sources, including a consultant.

In its reviews and selections, the FCIS Investment Committee analyzes the Third-Party Managers and candidate firms based upon quantitative and qualitative criteria which may include:

A. Quantitative Criteria

Quantitative criteria are evaluated both in terms of a Third-Party Manager's or a firm's absolute performance and performance relative to its investment style group and may include:

1. Rate of return
2. Standard deviation of returns
3. Risk-adjusted rate of return
4. Consistency of returns

B. Qualitative Criteria

Qualitative criteria used in Third-Party Manager or firm evaluations may include:

1. Years in the business
2. Assets under management
3. Investment philosophy
4. Adherence to investment philosophy
5. Financial, operational, and client servicing resources
6. History of Third-Party Manager

The Committee meets monthly and on an as-needed basis, and periodically reviews the Third-Party Managers. When appropriate, the Committee considers removing a firm as a Third-Party Manager. The removal of a Third-Party Manager may be based upon the criteria described above or upon other information the Committee deems material. The Committee considers all relevant criteria and no one criterion is necessarily determinative. In its review process, the Committee places emphasis on a Third-Party Manager's long-term overall performance.

Third-Party Profiles

You receive "Third-Party Manager Profiles" created from information provided by the Third-Party Manager. The Profiles describe the Third-Party Manager's strategies, investments, investment philosophy, management style(s), and other relevant information about the Third-Party Manager. Any performance information included in the Third-Party Manager Profile is accompanied by important disclosures, including disclosures about the types of accounts included in compiling the performance information. You also receive a copy of the Third-Party Manager's Firm Brochure. You should carefully review the Third-Party Manager Profile and the Firm Brochure prior to selecting the Third-Party Manager. Neither FCIS, platform provider, consultant, nor Pershing guarantees the accuracy of the Third-Party Manager Profile or the Firm Brochure. Past performance is no indication of future results. Actual results of any Program account may be materially different from past performance and/or results for other accounts managed by the Third-Party Manager because of differences in diversification of securities, transaction and related costs, the inception dates of the accounts, withdrawals and additions, investment objectives and restrictions, and other factors.

IAR

IARs are generally college graduates who possess prior business experience in a securities related field. IARs receive internal training and must have successfully passed all examinations and received all licenses necessary for the products and services they offer. IARs who exercise investment discretion in Program accounts receive additional training and certification on investment consultation and management through outside advisers. IARs are subject to high standards of business conduct prescribed by FCIS, including its Code of Ethics.

IARs must have met one of the following securities industry education and certification requirements: successful completion of both the FINRA Series 7 General Securities Registered Representative exam and Series 66 Uniform Combined State Law Exam, or prior equivalent, or successful completion of the FINRA Series 6 Investment Products and Variable Contracts Products Representative exam (for advisory products consisting solely of investment company securities), the Series 63 Uniform Securities Agent State Law Exam, and the Series 65 Uniform Investment Advisers Law Exam.

With this Brochure, you received a Brochure Supplement(s) which provides important information about their IAR(s) and, where applicable, other FCIS Associates who will be involved in managing the Program account. You should carefully review before opening a Program account.

Methods of Analysis

FCIS and/or the Third-Party Managers may use the following methods of analysis in formulating investment advice:

<u>Cyclical</u> **-** This method analyzes the investments sensitive to business. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may be timed incorrectly. If done before the bottom, losses can result prior to any gains. If done after the bottom, then some gains may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in a missed opportunity for further increases in the value of a security or realized losses in a portfolio.

<u>Fundamental</u> **-** This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. Fundamental analysis is considered the opposite of technical analysis (described below). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

<u>Technical</u> **-** This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can

suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the expectations for future positive or negative performance for a given security.

There are risks involved in using any analysis method.

To conduct analysis, FCIS may gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

FCIS and/or the Third-Party Managers may use the following investment strategies when managing your assets and/or providing investment advice:

Long term purchases - Investments held at least a year.
Short term purchases - Investments sold within a year.

Tactical asset allocation - Allows for a range of percentages in each asset class. The ranges establish minimum and maximum acceptable percentages that permit the Third-Party Manager to take advantage of market conditions within these parameters. By specifying a range rather than a fixed percentage, the Third-Party Manager has the flexibility to move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Primarily Recommend One Type of Security - We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be in the best interest of each client relative to that client’s specific circumstances and needs.

Risk of Loss

Past performance is not indicative of future results; therefore, you should never assume that the future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves the risk of loss. Further, depending on the different types of investments, there are varying degrees of risk. You should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market highs or lows, or insulate you from losses due to market corrections or declines.

There are certain additional risks associated with investing in securities through our Program, as described below:

Market Risk - Either the stock market as a whole or the value of an individual company, goes down resulting in a decrease in the value of your investments, also referred to as systematic risk.

Business Risk - Risks associated with specific companies, including poor management, financial instability, or declining revenues.

Liquidity Risk - The risk that an investor may not be able to quickly sell an asset without significantly affecting its price.

Inflation Risk - The potential loss of purchasing power as inflation erodes the value of investment returns.

Stock Market Volatility Risk - Stock prices can fluctuate widely due to market sentiment, economic conditions, or political events.

Small-Cap and Emerging Market Risk - Smaller companies and emerging market securities can be more volatile and less liquid than large-cap investments.

Interest Rate Risk - The risk that rising interest rates will reduce the value of fixed-income securities.

Credit Risk - The risk that a bond issuer may default on its debt payments.

Reinvestment Risk - The risk that cash flows from an investment, such as bond interest payments, will be reinvested at lower rates.

Duration Risk - The sensitivity of a bond's price to changes in interest rates; longer-term bonds are more sensitive.

Geo-Political Risk - Investments in international markets may be affected by foreign regulations, economic instability, or political uncertainty. Changes in government policies, tax laws, or regulations can impact investment returns.

Currency Risk - The risk that exchange rate fluctuations will impact the value of foreign investments.

Leverage Risk - The use of borrowed money to amplify returns can increase the potential for losses.

Derivatives Risk - Derivative instruments, such as options and futures, may be complex and subject to extreme price movements.

Counterparty Risk - The risk that the other party in a transaction may default on its obligations.

Cybersecurity Risk - The risk of losses or disruptions due to cyber-attacks or data breaches affecting business operations.

Equity (stock) Risk - Common stocks are susceptible to market fluctuations and to volatile increases and decrease in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally have a higher exposure to risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk - When purchasing stock positions, there is always a certain level of company or industry-specific risk that is inherent in each investment, also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk - When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk, although inflation-protected products may also be available.

Options Risk - Options on securities may be subject to more significant fluctuations in value than an investment in the underlying securities. Purchasing and writing put, and call options are highly specialized activities and entail greater than ordinary investment risks.

ETF and Mutual Fund Risk - When investing in an ETF or mutual fund, you will bear additional expenses based on your pro-rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.

Management Risk - Your investment with our firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Pledging Assets - The bank holding the loan may have the authority to liquidate all or part of the securities at any time without your prior notice to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, you should carefully review the loan agreement, loan application, and any forms required by the bank and any other documents and disclosures provided by FCIS.

Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your account, you would be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and sell assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Agreement established between you and FCIS and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account;
- The account custodian or clearing firm can force the sale of securities or other assets in your account;
- The account custodian or clearing firm can sell your securities or other assets without contacting you;
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call;
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities;
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time, and they are not required to provide you advance written notice; and,
- You are not entitled to an extension of time on a margin call.

In general, FCIS does not allow the use of margin in investment advisory accounts.

Conflicts of Interest

FCIS and the IAR receive compensation for advice implemented as a registered investment adviser, registered representative, or insurance agent of FCIS. The IAR providing advice may, with your permission, implement recommendations as an investment adviser representative, registered representative, or an insurance agent when appropriately registered or licensed to do so. An inherent conflict of interest exists for IARs who are dually registered and insurance licensed.

The IARs, certain management and support staff of FCIS, are also registered representatives of FCIS, a securities broker-dealer, and insurance agency. In addition, IARs, management, and support staff can also be representatives of First Citizens Asset Management (FCAM), an affiliated Registered Investment Adviser under common control with FCIS.

FCAM provides advisory services similar to FCIS and serves as a Third-Party Manager on certain model portfolios available to FCIS clients. Certain management, IARs, and support staff also have employment agreements with the parent company, First Citizens Bank & Trust (FCB). You may work with your IAR in his or her separate capacity as an associate of FCIS, FCAM, or FCB. When acting in his or her separate capacity, your IAR may be registered or licensed to sell securities and/or insurance products to you on a commission basis, or offer banking products such as deposit accounts, loans, and trust services. Your IAR may suggest that you implement investment advice by purchasing products through a commission-based brokerage account in addition to or in lieu of a fee-based advisory account. This receipt of commissions creates an incentive to recommend those products for which your IAR will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased. You are under no obligation to use the services of our representative(s) in this separate capacity.

Voting Securities

FCIS does not vote proxies or corporate actions for the client, nor does FCIS advise on proxies or solicitations concerning corporate activities for the securities held within a Program account. FCIS' custodian, Pershing will forward to the client the relevant information on proxies and corporate actions, including the information necessary to vote on such matters. The client should utilize contact information provided in the proxy or solicitation to inquire further about the merits and methods of voting available to the client.

As between the client and FCIS, the client retains the right and responsibility to vote proxies and to review related materials on securities held in the Account or to delegate that function to another person or entity. Each Third-Party Manager independently determines whether it will vote proxies. As to investments managed by a Third-Party Manager, the client should review the relevant Third-Party Manager's Firm Brochure to determine the allocation of proxy responsibilities.

Item 7. Client Information Provided to Third-Party Managers

Prior to account opening all new clients are asked for information and complete an investment policy statement. This information and all other information required by FCIS or the Third-Party Manager to open the account, is provided to the Third-Party Manager as needed. FCIS meets with the client annually to review and update the information or upon notification by the client of a life-changing event.

Item 8. Client Contact with Third-Party Managers

FCIS does not place any restrictions on your ability to contact us or your IAR.

Item 9. Additional Information

Disciplinary Information

In February 2018, the SEC announced an industry-wide initiative to identify and remedy conflicts of interest that arise where investment advisers failed to make required disclosures relating to their selection of certain mutual fund share classes that paid the adviser (or its related entities) a fee pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 fee") when a lower-cost share class for the same fund was available to clients. FCIS elected to participate in this initiative and, based on information that FCIS provided, the SEC issued an Order Instituting Administrative and Cease-and-Desist Proceedings against FCIS on March 11, 2019 (the "Order"). The SEC determined that for the period January 1, 2014, through July 20, 2018, FCIS purchased, recommended, or held for advisory clients, mutual fund share classes that paid 12b-1 fees to FCIS instead of lower-cost share classes for the same funds for which the clients were eligible. The SEC determined that FCIS did not adequately disclose this conflict of interest and that the failure to do so constituted breaches of FCIS's fiduciary duties and willful violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940. The SEC, among other things, censured FCIS and ordered FCIS to cease-and-desist from any future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940, and to pay $359,872.11 in disgorgement and $42,793.07 in prejudgment interest to FCIS's affected investors, in accordance with procedures set forth in the Order. The SEC did not order a civil monetary penalty or fine. The SEC also directed FCIS to complete certain remedial undertakings. FCIS consented to the Order without admitting or denying the SEC's findings (except as to jurisdiction, which was admitted). The SEC's Order can be found at: https://www.sec.gov/litigation/admin/2019/ia-5124.pdf.

In order to ensure that this conduct is not repeated, among other things, since March 11, 2016, FCIS has been crediting all 12b-1 fees back to advisory accounts.

On January 24, 2020, FCIS paid a monetary fine of $250.00 to the Louisiana Department of Insurance for late disclosure of the publicly available SEC Order, referenced above.

Other Affiliations

FCIS is a registered investment adviser, registered broker-dealer and licensed insurance agency. Certain IARs, management, and support staff of FCIS are also registered investment advisers, registered representatives of, and insurance producers. The IAR providing advice may implement recommendations as a registered investment adviser, registered representative, or an insurance agent when appropriately registered or licensed to do so. When the IAR implements the recommendations, FCIS and the IAR receive different compensation for advice implemented as a registered investment adviser, registered representative, or insurance agent of FCIS. Additionally, each role has a different duty to the client, for example, individuals acting as registered investment advisers have a fiduciary duty to their clients, while insurance agents and registered representatives must comply with the suitability requirements and regulation Best Interest. An inherent conflict of interest exists for IARs who are dually registered and insurance licensed.

When an IAR is dually registered he/she can sell securities on a commission basis. An IAR may suggest that a client implement investment advice by purchasing products through a commission-based brokerage account in addition to or in lieu of a fee-based advisory account. This receipt of commissions creates an incentive to recommend those products for which an IAR will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered could be biased. Clients are under no obligation to use the services of the IAR in this separate capacity.

When an IAR is licensed as an insurance agent, the IAR may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products. This receipt of commissions creates an incentive to recommend those products for which the IAR will receive a commission in his or her separate capacity as an insurance agent. FCIS does not currently offer insurance products on an advisory basis. Consequently, the advice rendered could be biased. Clients are under no obligation to implement any insurance or annuity transaction through an FCIS IAR.

Clients may select any broker/dealer, insurance company, or agency to implement any advice provided by an IAR. However, if the client selects the IAR to implement securities transactions in their separate capacity as registered representatives, the IAR must use FCIS to affect any such transactions, and the client will be required to enter into a new account agreement with FCIS.

In addition to the conflicts created by the dually registered individuals, there are conflicts related to FCIS's affiliates. FCIS is an affiliate of the First Citizens Bancshares, Inc. and the First Citizens branded entities, including First-Citizens Bank & Trust Company ("FCB"), First Citizens Asset Management, Inc. ("FCAM"), First Citizens Capital Securities, LLC, and First Citizens Institutional Asset Management, LLC. IARs, management, and support staff can be representatives of one or more First Citizens entities.

Upon specific client request, IARs may introduce clients to personnel of First Citizens to discuss bank products and other services. Such introductions are not part of the investment advisory services FCIS provides to its clients. FCIS IARs and their management personnel receive a subjective annual bonus at the discretion of their supervisors but not directly related to the sales of specific products/services. Due to FCIS's relationship with the First Citizens entities, FCIS has an indirect financial interest in making such introductions and fostering relationships between First Citizens and its clients.

When acting as a representative of FCIS, an IAR can recommend one of the Programs. Some of the Programs use Third-Party Managers to implement the selected investment strategy. In their capacity as a representative of FCIS, an IAR may recommend a program that uses FCAM as a Third-Party Manager. In these instances, the total compensation received by FCIS, and its related affiliates is higher than it would be if a different Third-Party Manager were selected. This creates a conflict of interest between FCIS and IAR, as well as between the client and the IAR.

Additionally, FCIS acts as an introducing broker-dealer to provide brokerage services for Program accounts described in this Brochure.

FCIS does not engage in all services that we make recommendations for as a result of financial planning. As a result, we may refer the client to other professionals to assist the client in implementing our recommendations. FCIS, in many circumstances, will receive compensation for those referrals. Pursuing any referral or business relationship with any individual, organization, or professional is completely at the client's discretion.

In addition to the First Citizens entities, on March 27, 2023, FCB, the parent company of FCIS acquired Silicon Valley Bridge Bank, N.A., formerly known as Silicon Valley Bank the parent company of SVB Asset Management, SVB Wealth LLC (formerly known as Boston Private Wealth LLC), and SVB Investment Services, Inc.

FCIS is under common ownership with the following entities:

- CIT Capital Securities LLC., a Broker/Dealer
- CIT Asset Management, a Registered Investment Adviser
- SVB Asset Management, a Registered Investment Adviser
- SVB Wealth LLC, a Registered Investment Adviser
- First Citizens Asset Management, Inc. (FCAM) a Registered Investment Adviser
- Neuse Title Services, an Insurance Agency

While FCIS does not believe these relationships create a conflict of interest for FCIS, if FCIS recommends any products offered by these entities, it has an interest in the transaction, creating a conflict of interest.

In appropriate circumstances, FCIS will recommend that a client roll over an account held in a former employer's retirement plan or an outside IRA to an IRA managed by FCIS. If the client elects an IRA rollover or transfer subject to SVBW's management, the account will be subject to FCIS's Fee per the Client Agreement. IAR's recommendation to roll over retirement plan or IRA assets into an IRA managed by FCIS presents a conflict of interest because such a recommendation creates an incentive to recommend the rollover for the purpose of generating additional compensation rather than solely based on the client's needs. When FCIS provides investment advice or recommendations to a client regarding their retirement plan assets, IRA account or rollover IRA, FCIS is acting as an investment advice fiduciary within the meaning of Title I of ERISA. Further, when FCIS recommends a rollover or transfer to an IRA, the client is never under any obligation to complete a rollover or transfer or to have the rollover IRA assets managed by FCIS.

Neither FCIS, nor any of its management persons, are registered as or associated persons of any futures commission merchant, commodity pool operator or a commodity trading adviser.

Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

FCIS has established a Code of Ethics that will apply to all its supervised persons. As a fiduciary, it is an IAR's responsibility to provide fair and full disclosure of all material facts and to always act in the best interest of each of their clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transaction Policies and Procedures. FCIS requires all its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation, when changes occur, and no less than annually, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with the Code of Ethics. FCIS has the responsibility to make sure that the interests of all clients are placed ahead of FCIS' Management or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. FCIS Management and its supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our fiduciary duty.

This disclosure is provided to give a summary of FCIS' Code of Ethics. If the client wishes to review FCIS' Code of Ethics in its entirety, a copy will be provided upon request to their IAR.

<u>Employee Personal Securities Transactions Disclosure</u>

The IAR may buy or sell securities that are also recommended to you. To minimize this conflict of interest, FCIS, only recommends and purchases securities which, generally, are widely held and publicly traded.

To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees, and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of a client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider."
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the President and Chief Compliance Officer of FCIS.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Conflicts of Interest

Also see Item 6.

Non-Cash Third-Party Incentives - FCIS as a broker-dealer or insurance agency receives third-party payments with respect to investment recommendations, as follows:

Annuities:

- Up-front insurance commissions at the point-of-sale, including gross dealer concessions, trailing commissions, or “trails” (or “renewal fees”) for ongoing services as long as the annuity remains in force;
- Revenue sharing, marketing fees, administrative fees, and similar fees relating to sales and support services.

The amount of these third-party payments varies among different variable annuities and different annuity issuers.

Fixed Indexed Annuities: Insurers that issue fixed indexed annuity contracts pay FCIS the following types of third-party payments:

- Up-front insurance commissions at the point-of-sale, including gross dealer concessions; Trailing commissions or “trails” (or “renewal fees”) for ongoing services as long as the annuity remains in force; and,
- Revenue sharing, marketing fees, administrative fees, and similar fees relating to sales and support services.

The amount of these third-party payments varies between different fixed indexed annuities and different annuity issuers.

Mutual Funds:

- Up-front sales commissions or “loads,” at the point-of-sale;
- 12b-1 distribution fees; and,
- Fees for sub-accounting services, sub-transfer agency services, and/or other revenue sharing or similar payments for services to the funds.

The amount of these third-party payments varies among different fund families, different funds, and different share classes. In an effort to reduce client costs, minimize the conflicts of interest presented by mutual fund 12b-1 fees, and conform the treatment of different types of FCIS client accounts, FCIS will credit these fees to advisory clients’ accounts.

These credits will be subject to the advisory fee if they remain in a client account at the time of billing. For brokerage accounts, FCIS has a conflict of interest in recommending these funds or share classes, both in making investment decisions in light of the receipt of these fees and in selecting a more expensive 12b-1 fee-paying share class when a lower-cost share class is available for the same fund. The conflict of interest arises from FCIS's financial incentive to recommend or select registered funds or share classes for clients that pay higher 12b-1 fees because such registered funds or share classes generally result in higher compensation for FCIS.

Although there can be legitimate reasons that a particular client is invested in a more expensive 12b-1 fee-paying share class, FCIS has taken steps to minimize the conflict of interest through:

- Advisory account credits;
- Disclosure in this Brochure;
- Internal policies and procedures that require investment advice to be in the best interest of advisory clients;

- By ensuring that individual IARs are not directly compensated for recommendations to purchase share classes of registered funds that pay such fees to FCIS;
- By restricting IARs' recommendations to funds and share classes on FCIS' approved list; and
- By systematically evaluating when a lower fee share class of a registered fund on FCIS's approved list is available.

It will not always be possible or in the client's best interest for FCIS to select SEC-registered mutual fund investments that do not pay these fees. Accordingly, despite our efforts to minimize conflicts of interest, the client should not assume that the client will be invested in the registered fund or share class with the lowest possible 12b-1 fees.

Third-party providers, including annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors, may also give IARs gifts up to a total value of $100 per provider per year, consistent with industry regulations. Third parties may occasionally provide IARs with meals and entertainment of reasonable value. These incentives create a conflict between the client's interests and those of the IAR and may cause the IAR to recommend those products or companies that provide these non-cash incentives.

<u>Training and Marketing Incentives</u> - Third-party providers such as annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors may reimburse or pay certain expenses on behalf of IARs and FCIS, including expenses related to training, marketing, and educational efforts. Training of the IAR can occur at branch offices, seminars, meetings, or other events. The training focuses on, among other things, the third-party provider's products, suitability, product literature, and product support. These incentives create a conflict between the client's interests and those of the IAR and may cause the IAR to recommend those products of those companies that provide marketing and educational opportunities and to whom the IAR has greater access.

Review of Accounts

Through the Investment Products Committee or its designees, FCIS makes a best effort to review each Program on at least an annual basis. Triggers for additional reviews may include events such as requests for substitutions of Third-Party Managers or investment criteria. FCIS instructs the Committee, in performing each review, to address any issues of concern. FCIS does not monitor each transaction effected by Third-Party Managers for consistency with the client's investment objectives or conformance with the Third-Party Manager's stated strategies or philosophy.

FCIS IARs meet with clients on at least an annual basis to review the client's account, determine ongoing financial needs, changes in the client's financial situation, risk tolerance, portfolio holdings, and performance. A client may initiate a review at any time by contacting their FCIS IAR or an IAR within the "Investment Solution Center."

Referrals and Other Compensation

IARs can make product or strategy recommendations in the capacity of a registered investment adviser, registered representative, or an insurance agent when appropriately registered or licensed to do so. Investment adviser representatives have a fiduciary duty to their clients. Dually registered individuals, however, have an inherent conflict of interest as discussed above.

FCIS does occasionally receive additional compensation from product sponsors; however, such payment may not be conditional on the sale of any products. Compensation may include items such as gifts that are within a reasonable amount and are within FCIS guidelines. An occasional dinner or ticket to an event or reimbursement in connection with an educational meeting with IAR, client event(s), or advertising initiatives are permitted. Product sponsors may also pay for or reimburse FCIS for the costs associated with education or training events that may be attended by FCIS employees and the IARs.

FCIS, in certain circumstances, will refer the client to third parties who offer products and services that FCIS does not provide to our clients. In cases where a written solicitor's agreement is in place, FCIS will receive compensation from the referral. Such payment is not contingent on the client implementing any strategies or recommendations proposed, nor is the compensation tied to the sale of any product or service offered by the third party. The client may incur fees and expenses for such products or services that are separate from any fees or expenses incurred through products or services offered directly through FCIS.

Financial Information

This Item is not applicable as FCIS does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance. Additionally, FCIS is not subject to a financial condition reasonably likely to impair its ability to meet contractual commitments; and FCIS is not currently nor previously has been the subject of a bankruptcy petition.