

# PRIMERICA ADVISORS

## **FREEDOM PORTFOLIOS** **MUTUAL FUND WRAP FEE PROGRAM BROCHURE** **Form ADV Part 2A – Appendix 1** (March 31, 2017)

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This wrap fee program brochure provides information about the qualifications and business practices of Primerica Advisors. If you have any questions about the contents of this brochure, please contact us at (800) 544-5445. The information in this brochure has not been approved by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Primerica Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2      Material Changes**

In September 2016, Item 4.C.2 was amended to describe the circumstances in which Primerica Advisors will calculate the Program Fee based on the combined value of two or more accounts owned by a client.

There have been no other material changes to the wrap fee program brochure since the last annual update in March 2016.

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

### **A. About Primerica Advisors**

Primerica Advisors is the trade name under which PFS Investments Inc. (“PFSI”) conducts its investment advisory business. PFSI, an SEC registered investment adviser and broker-dealer, is an indirect wholly-owned subsidiary of Primerica, Inc. (“Primerica”), a financial services company that is publicly-traded on the NYSE. Primerica is a leading distributor of financial products to middle income households in North America and has been in business since 1977. In addition to offering the wrap-fee program described in this brochure (the “Program”), Primerica assists its clients in North America by meeting their needs for life insurance, which it underwrites, and mutual funds, annuities and other financial products, which Primerica distributes primarily on behalf of third parties. Primerica Advisors is a co-sponsor of the Program along with Lockwood Advisors, Inc. (“Lockwood”). Lockwood, an SEC registered investment adviser, is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a publicly-owned company.

### **B. The Program**

The Program is a mutual fund wrap-fee program. “Wrap-fee” means that you will pay a single, annual fee (assessed monthly in arrears) for the services provided by the Program, as opposed to purchasing and paying for the services separately. The Program invests only in mutual funds selected by Lockwood (the “Program Funds”) from mutual fund families chosen for the Program by Primerica Advisors. The current list of Program Funds, and fund families, is available online at [www.portfolio.primerica.com](http://www.portfolio.primerica.com) (place your cursor over the name “Primerica Advisors” in the upper right hand corner of the webpage, and choose “Freedom Portfolio Full List” from the drop-down menu).

To meet your investment objectives, the Program offers ten asset allocation models designed by Lockwood. Asset allocation is the process of apportioning investment funds across several categories of assets in an effort to maximize returns and minimize risk. Each client in the Program will be invested in a portfolio of mutual funds designed around one of the ten asset allocation models.

## 1. The Asset Allocation Models

The 10 asset allocation models available in the Program, and the primary investment objective of each model, are as follows:

Model Name	Investment Objective
Freedom 100 Aggressive Equity	Aggressive Growth
Freedom 100	Aggressive Growth
Freedom 80	Growth
Freedom 80 Tax Aware	Growth
Freedom 60	Moderate Growth
Freedom 60 Tax Aware	Moderate Growth
Freedom 40	Conservative Growth
Freedom 40 Tax Aware	Conservative Growth
Freedom 20	Current Income
Freedom 20 Tax Aware	Current Income

The ten models represent various levels of risk and potential return. The Freedom 20 Portfolio and Freedom 20 Tax Aware Portfolio are the most conservative, and the Freedom 100 Aggressive Equity Portfolio is the most aggressive.

The ten models hold mutual funds that offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective Portfolios. To achieve the appropriate diversification in each model, the general asset classes of equities and fixed income are further subdivided into various sub-asset classes as determined by Lockwood.

The Tax Aware models offer the option to allocate a portion of your fixed income assets to municipal bond funds, which generally pay interest that is free from federal income tax. Investing in municipal bond funds provides the opportunity to generate income without increasing your federal income tax liability. Before investing in a Tax Aware model, you should consult your tax advisor to determine the effect, if any, that investing in municipal bond funds will on your tax situation. Only assets held in non-qualified accounts are eligible to be invested in a Tax Aware model.

### *Freedom 20 Portfolio and Freedom 20 Tax Aware Portfolio*

Lockwood designed the Freedom 20 Portfolio and Freedom 20 Tax Aware Portfolio to seek to preserve asset values and produce current income (dividends and interest). The Portfolios are comprised of a diversified mix of assets that includes majority exposure to high-quality fixed income assets with the remaining allocation to U.S. equity and equity-like strategies.

### *Freedom 40 Portfolio and Freedom 40 Tax Aware Portfolio*

Lockwood designed the Freedom 40 Portfolio and Freedom 40 Tax Aware Portfolio to seek to provide current income (dividends and interest) and modest growth of capital. The Portfolios are comprised of a diversified mix of bonds and stocks, including a majority

exposure to high-quality fixed income assets, with the remaining allocation to U.S. equity and equity-like strategies.

*Freedom 60 Portfolio and Freedom 60 Tax Aware Portfolio*

Lockwood designed the Freedom 60 Portfolio and Freedom 60 Tax Aware Portfolio to seek to provide both moderate long-term growth of capital and moderate generation of current income (dividends and interest). The Portfolios are comprised of allocations to bonds and equities, with a slight emphasis to a diversified mix of global equity and equity-like strategies.

*Freedom 80 Portfolio and Freedom 80 Tax Aware Portfolio*

Lockwood designed the Freedom 80 Portfolio and Freedom 80 Tax Aware Portfolio to seek to provide both long-term growth of capital and modest generation of current income (dividends and interest). The Portfolios are comprised of a diversified mix of bonds and stocks, with an emphasis on diversified global equity and equity-like strategies.

*Freedom 100 Portfolio and Freedom 100 Aggressive Equity Portfolio*

Lockwood designed the Freedom 100 Portfolio and Freedom 100 Aggressive Equity Portfolio to seek to provide long-term growth of capital. The Portfolios are comprised of a diversified mix of global equity and equity-like strategies, including allocations to U.S. large-, mid- and small-cap equity, and international markets. The Freedom 100 Aggressive Equity Portfolio allocates a greater percentage of assets to small-cap and mid-cap equity, and includes an allocation to micro-cap equity. Investors in the Freedom 100 Aggressive Equity Portfolio should anticipate greater volatility compared to the Freedom 100 Portfolio, in both up and down markets.

To determine which asset allocation model is best suited to your needs, your Primerica Advisors representative (“Representative”) will assist you in completing an Investment Profile Questionnaire and Client Profile. These documents will be used to gather information concerning your investment objective, risk tolerance, investment time horizon, need for income, age, net worth and annual income. Using this information, your Representative will present for your consideration a detailed investment proposal (the “Proposal”) recommending a mutual fund portfolio consistent with the asset allocation model that corresponds to your stated investment objectives.

From the funds selected for the Program, Lockwood has selected a primary fund for each asset class in the models. Generally, each asset class also will include several alternate funds; however, some asset classes may have only a primary fund. In creating the Proposal, your Representative has the option to select for each asset class the primary fund, one or more of the alternate funds, if available, or a combination of both. When you establish an account in the Program, you have the right to impose *reasonable restrictions* regarding which securities will be purchased for your account. Please keep in mind that due to the nature of the Program, overly broad restrictions will interfere with the proper functioning and management of an account. Lockwood reserves the right to reject an account if you have designated investment restrictions in such a volume, magnitude or nature that would not

allow the management of the account to be consistent with the overall investment strategy of the Portfolio. The mutual funds held in your account each have their own investment manager(s), who, in turn, invest the assets of the fund into underlying investment vehicles that are consistent with each Fund's individual investment objective. Due to the nature of the Program, it may not be possible to place certain Client-requested restrictions on a particular mutual fund's holdings.

Once you have approved the Proposal and accepted the Primerica Freedom Portfolios Account Agreement ("Client Agreement"), your account will be established and your assets will be invested in the funds listed in the Proposal. By executing the Client Agreement you are granting unlimited discretionary trading authority to Lockwood to (i) alter the asset weightings and/or classes within your portfolio, (ii) add mutual funds to, or delete mutual funds from, your portfolio, and (iii) periodically and on an as-needed basis rebalance your investment among the mutual funds in your portfolio, all without your specific approval for these transactions. Please see the Client Agreement and Lockwood's Form ADV, Part 2, Wrap Fee Program Brochure for additional details.

Regardless of market conditions, unless you complete a new Investment Profile Questionnaire and Client Profile and agree to accept a new investment proposal, your account will remain invested in the asset allocation model you accept when your account is established. At all times, your account will be fully invested. Lockwood will not use its discretionary trading authority to engage in market timing transactions, such as increasing cash or fixed income holdings in anticipation of a market down-turn in the value of equities. Although your Representative may select funds to include in the Proposal, neither Primerica Advisors nor any of its representatives has discretionary trading authority over your account.

If Lockwood decides to remove a particular fund from the Program, Lockwood may replace such fund with another fund, as appropriate. Additionally, at any time and in Lockwood's sole discretion, Lockwood may reclassify a primary selection as an alternate selection. In the event that a primary selection is reclassified as an alternate selection or eliminated from a Portfolio altogether, all accounts holding that primary selection will default to the new primary selection. In the event that Lockwood removes one of the alternate selections, affected accounts will default to either the primary selection or another available alternate selection, as determined by Lockwood. If Primerica decides to remove a fund family from the Program or if a fund family decides to leave the Program, all primary and alternate funds from such fund family will no longer be available in the Program. Lockwood will select replacement funds, as appropriate.

## 2. Additional Services

Additional Services provided by the Program include the following:

- Ongoing monitoring, due diligence and research of the Program Funds by Lockwood
- Periodic and as-needed rebalancing of investments by Lockwood to maintain the asset allocations contained in the models
- Quarterly account statements provided by Primerica Shareholder Services
- Quarterly market commentary from Lockwood

### 3. Keeping Your Representative Up-To-Date

After your account is opened, it is your responsibility to notify your Representative of any significant changes in your financial circumstances. You and your Representative will then determine if the changes necessitate a reconsideration of the asset allocation model selected for your account. Also, it is your responsibility to tell your Representative if you wish to change or impose any new restrictions or objectives on the management of your account. Quarterly, Primerica Advisors will notify you of your duty to contact your Representative regarding any changes to your financial situation or investment needs. At least once a year, your Representative or Primerica Advisors will undertake reasonable efforts to contact you to determine if there have been any significant changes in your financial situation or investment objectives, and whether you wish to change your existing instructions or impose any new restrictions regarding the management of your account.

#### C. Fees

##### 1. The Program Fee

Primerica Advisors has established the following Fee Schedule:

Fee Schedule

Average Daily Assets [1]	Annual Gross Program Fee [2]	Less Credit for Estimated Revenue to be Received by Primerica Advisors from Program Funds [3]	Annual Net Program Fee [4]
First \$250,000	2.98%	1.48	1.50%
Next \$250,000 or portion thereof	2.83%	1.48	1.35%
Next \$250,000 or portion thereof	2.68%	1.48	1.20%
Next \$250,000 or portion thereof	2.53%	1.48	1.05%
Next \$250,000 and above	2.38%	1.48	.90%

The Annual Gross Program Fee (“Gross Program Fee”) shown in column 2 of the Fee Schedule is the fee to participate in the Program. Primerica Advisors offsets against the Gross Program Fee a credit for the maximum annual compensation it and its affiliates could receive from the Program Funds in connection with an investment in the Program. That credit amount of 1.48% (the “Credit”), which is shown in column 3 above, is subtracted from the Gross Program Fee, at each asset level, to arrive at the Annual Net Program Fee (“Program Fee” or “Fee”) shown in column 4. The Program Fee is the annual fee you pay

for the investment advice and other services provided by the Program. Please note that the Credit is applied prior to billing and your account statement will only reflect the Program Fee that is deducted from your account.

At the end of each quarter, if Primerica determines that it received compensation from the Program Funds on any IRA account (or other account that is subject to Internal Revenue Code §4975 or the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) that is more than the amount of the Credit shown above, then Primerica will credit-back to such account the amount of the additional compensation in the following quarter. All such credits will be applied to the money market fund held in the account. No credits will be provided for non-IRA accounts and other accounts that are not subject to either IRC §4975 or ERISA.

The Program Fee is not generally negotiable. As primary sponsor of the Program, Primerica is solely responsible for the Program Fee and the determination of the Credit.

## ***2. How the Program Fee Is Assessed:***

The Program Fee is payable in arrears on a monthly basis and will be deducted from your account on the second to last business day of each month. For purposes of calculating the Fee, the total market value of your Account will be determined based on the average daily balance of assets in your Account for the relevant period. For administrative purposes, the monthly billing cycle ends on the third to last business day of each month. On the next business day, the Custodian will calculate and assess the Program Fee due for the just-ended billing cycle. For example, if the last business day of a calendar month is on a Friday, then the third to last business day of the month, or Wednesday, would be the end of the monthly billing cycle, and the Program Fee for that billing cycle would be calculated and assessed on Thursday, the first day of the next billing cycle, assuming it was not a holiday.

*i. Program Fee for Initial Month.* The initial Fee will be based on the average daily value of the assets in your account from the date your account is funded through the last day of the monthly billing cycle.

*ii. Program Fee for Subsequent Months.* The Fee for each subsequent month will be based on the average daily value of the assets in your account for each monthly billing cycle.

If you own more than one Program Account, the Program Fee will be determined based on the combined average daily balance of your Program Accounts for the relevant monthly billing cycle. Primerica will determine ownership based solely on the primary social security number associated with the Program Account. If the combined average daily balance of your Program Accounts results in a reduction of the Program Fee according to the Fee Schedule, Primerica will calculate the Program Fee due and deduct it proportionally from each of your Program Accounts.

In the event an account is terminated other than on the last day of a monthly billing cycle, then the Fee for the final month will be based on the average daily value of the assets in your account over the number of days during the final monthly billing cycle that the account was

funded. The Fee will be deducted from the liquidation proceeds. All assets held in the Account are subject to the Fee, including Assets acquired through dividend reinvestments and automatic investment programs, as well as any portion of the Account maintained in cash or short-term vehicles including, but not limited to, money market funds. For administrative purposes, the fee assessment will appear in your account as two entries, which, when totaled, will equal the applicable Program Fee.

### ***3. Revenue from Program Funds:***

The compensation received by Primerica Advisors or its affiliates from the Program Funds, which results from your investment in the Program, includes 12b-1 fees, marketing and support payments, and recordkeeping fees. The amount of compensation we receive varies between the fund families. Likewise compensation from Program Funds within the same fund family may vary, as some Program Funds may not pay 12b-1 fees and certain investments managers to the Program Funds may not offer marketing and support payments. Accordingly, a conflict of interest could result if Primerica Advisors had the ability to select funds for your portfolio that made larger payments to us, which would increase our revenue. To address this potential conflict, Primerica Advisors has taken the following steps:

- As shown above, we have estimated the maximum annual compensation we and our affiliates could receive from the Program Funds in connection with an investment in the Program and we deduct that amount, (i.e. the Credit), from the Gross Program Fee to arrive at the Program Fee (see the above Fee Schedule), essentially offsetting these revenues against fees owed by our clients.
- While Primerica Advisors selected the fund families that participate in the Program, our co-sponsor Lockwood, an independent investment adviser, is solely responsible for selecting funds from within the participating fund families to be used in the asset allocation models. Lockwood chose the funds for each model without regard to the fees each fund family has agreed to pay Primerica Advisors or its affiliate. In addition, going forward Lockwood has the sole authority to add, delete or change funds in the portfolios, from the fund families selected by Primerica, and is required to do so acting solely in the interest of the clients in the Program.
- Upon identifying the asset allocation model that is appropriate for you, your Representative is permitted to recommend funds from those selected by Lockwood as appropriate for that asset class. Primerica Advisors, however, intends not to disclose to its Representatives the various amounts of fees received from the Program Funds. As such, a Representative cannot knowingly increase Primerica Advisors' compensation by including higher paying funds in a Proposal. In addition, your representative is compensated solely through the receipt of a portion of the Program Fee, which remains fixed regardless of which funds are used to create your portfolio.

### ***4. Additional Fees You May Incur:***

The Program Fee does not include the following fees and expenses.

i. *Mutual Fund Fees and Expenses.* The mutual funds held in your account charge fees and expenses that are in addition to the Program Fee. The fees and expenses of the Program Funds, including management fees, distribution fees and administrative expenses, are discussed in each fund's prospectus or statement of additional information and are charged against the assets in the fund. All investments in the Program will be in Class A Shares at net asset value or other no-load or load waived share classes, meaning you will not pay a sales charge. Some mutual funds impose short-term trading fees, as described in their prospectuses.

ii. *IRA Custodial Fee.* For IRA accounts, PFS Investments Inc. serves as the IRS-approved nonbank custodian ("IRA Custodian") for Program assets held in plan accounts qualified under Section 401 of the Internal Revenue Code ("IRC"), accounts described in IRC section 403(b)(7), and individual retirement accounts established under IRC section 408. There is a custodian fee of up to \$50 per year that is deducted from your account and paid as compensation to PFS Investments Inc., for the services it provides as the IRS approved non-bank custodian. The IRA custodial fee will be collected for each year or portion thereof that the account is open, and will not be reduced or prorated for any partial year including the year the account is terminated.

iii. *Termination Fee.* For all accounts, there is a \$95 termination fee charged at the time a full withdrawal is taken from an account. The termination fee will be waived if an account is terminated due to the market value of the account falling below the minimum investment stated in Item 5. Primerica reserves the right to waive the termination fee in other circumstances as it deems appropriate.

iv. *Ancillary Fees.* The Program Fee does not include, and the account will be charged separately for ancillary services such as returned checks or drafts, express mail fees and wire transfer fees. The current ancillary fee schedule will be provided upon request.

### **5. Other Considerations Regarding Fees:**

Participating in the Program may cost you more or less than purchasing advice, brokerage services and custody separately, depending on factors such as the cost of the services if provided separately and the level of trading in the account. Clients may be able to purchase shares of the Program Funds outside of the Program, which may be more economical depending on a number of factors including, the length of time the shares are held, whether the client pays an annual advisory fee, whether the client pays a front-end or back-end sales charge, the level of trading activity in the account, and whether shares are purchased from a single fund family or multiple fund families. Generally, the type of clients that may find a commission-based account to be a more cost efficient option are those who plan to buy and hold their mutual funds for long periods, those that will qualify for breakpoint commission discounts, and those that do not desire the investment advice and additional services offered through the Program. Clients should carefully consider whether their financial needs are best met through an account with potentially lower costs that offers fewer services or through an account with potentially increased costs that provides the client with enhanced services, such as ongoing investment advice and fund monitoring. If you plan to sell securities or liquidate other investment vehicles to obtain the funds to invest in the Program, you should also

consider the cost of any back-end sales charges, surrender penalties, taxes or other fees that you may incur.

Rebalancing and other transactions performed to facilitate changes in target allocations and changes to the Program funds will not result in any additional charge to your account. However, in normal market conditions such transactions are not expected to occur frequently, and therefore, the resulting savings on transaction expenses over holding Program Funds in a brokerage account could be limited and should not be a primary reason for investing in the Program.

#### **D. Compensation**

Primerica Advisors and your Representative are compensated through the receipt of a portion of the Fee, and will continue to receive such compensation for as long as your assets remain in the Program. The amount of this compensation may be more or less than what would be received if you paid separately for the investment advice, brokerage and other services provided by the Program or participated in other types of advisory or brokerage programs. Therefore, your Representative may have a financial incentive to recommend the mutual fund wrap fee program over other services offered by PFSI. In addition, Primerica Advisors is compensated through the receipt of 12b-1 fees from the Program Funds in which our clients' assets are invested, and from marketing and support payments typically paid to us from the assets of the investment advisors to the funds. 12b-1 fees are an expense of the fund and the fund's investment adviser's assets are, in part, derived from fees it charges the fund. For more information about either form of compensation, please see the fund's prospectus. No portion of the 12b-1 fees or marketing and support payments received by Primerica Advisors is paid to our Representatives. Certain Program Funds do not pay 12b-1 compensation to Primerica and some investment managers to the Program Funds may not offer marketing and support compensation.

Primerica Shareholders Services, an affiliate of Primerica Advisors, has entered into agreements with the participating fund families to provide recordkeeping services for our clients' accounts and is compensated for this service. Lockwood also is compensated through the receipt of a portion of the Fee. Please see Lockwood's Program Brochure for additional information. Representatives of Primerica Advisors may participate in award and incentive programs in which they could receive cash bonuses, trips or non-cash compensation based on their Program sales, which may influence their decision to present a particular product to you for your consideration.

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

The Program is designed for individuals seeking investment advice regarding both retirement and non-retirement assets. As of the date of this brochure, our advisory services consist of only the Program described herein. Primerica Advisors does not provide investment advice to institutional clients, such as investment companies or pension plans. Participation in the Program requires a minimum initial investment of \$25,000. Lockwood and Primerica reserve the right to terminate the advisory contract for any account that falls below the initial minimum investment amount. If your advisory agreement is terminated, Primerica Advisors, may at its sole discretion: (i) liquidate the account, with proceeds sent to Client; (ii) move

assets in the account to another wrap model designed with an investment minimum below \$25,000; or (iii) move assets in the account to an appropriate investment available through Primerica's broker-dealer. Please note that if your account is an IRA and a distribution occurs, you will have 60 days from the date of the distribution to place the funds into a new IRA or significant income taxes and penalties may apply.

## **Item 6 Mutual Fund Selection and Evaluation**

From the numerous mutual funds offered by the participating fund families, Lockwood conducted due diligence and analysis on each fund and selected only those that it determined were appropriate for the Program. From the funds selected for the Program, Lockwood identified a primary fund for each asset class in the models. Generally, each asset class also will include several alternate funds; however, some asset classes may have only a primary fund. For a detailed discussion of Lockwood's selection and evaluation process, please see Lockwood's Program Brochure.

From the funds selected by Lockwood as appropriate for an asset class, your Representative will select which funds to include in the initial Proposal. The investment proposal may include only primary funds, only alternate funds or a combination of both. When selecting funds to include in the Proposal your Representative may consider one or more of the following:

- Investment objective and style;
- Assets under management;
- Fund costs
- Experience of the fund's investment managers;
- Fund performance relative to an appropriate benchmark;
- Consistency of Performance
- Performance relative to peers;
- Risk adjusted return;
- Total return;
- Modern Portfolio Theory statistics, such as Alpha, Beta, R-squared and Sharpe ratio
- Up/down market performance;
- Peer group rankings; and
- Portfolio turnover

The above and other information considered by your Representative may come from written materials produced by the fund, publicly available data from third-party sources, such as Morningstar™, or from employees of the fund families that provide information to our Representatives. Your representative is permitted to select funds only in the context of producing the Proposal and any subsequent Proposals. After your account is established, a new Proposal will be generated only if you inform Primerica Advisors or your Representative of changes in your financial situation and investment objectives. You are responsible for reviewing and approving the Proposal. A Proposal will not be implemented by Lockwood or Primerica Advisors unless approved and signed by the client.

PFSI has conducted a retail brokerage business offering mutual funds for over 30 years. Certain of the fund families participating in the Program have been and will continue to be available through our retail brokerage business. To that end, our Representatives may have developed relationships with these fund families, and may be more familiar with these fund families than the others in the Program. Representatives also may have received, and may receive in future, non-cash compensation from these fund families in connection with our retail brokerage business. It is possible that a Representative may gravitate toward selecting these fund families for the asset allocation portfolios offered in the Program.

#### **Item 7            Client Information Provided to Lockwood and Mutual Funds**

When establishing an account, you will be asked to complete an Investment Profile Questionnaire and Client Profile to document your financial situation, risk profile and investment objective. You will also be given an opportunity to place reasonable investment restrictions on your account. Primerica Advisors and Lockwood will share this information as necessary to establish and maintain your account. Your financial information and account restrictions will not be shared with the portfolio managers of the mutual funds held in your account.

We will also collect general information including your name, a street address, date of birth, and an identification number, such as a Social Security Number. We may also ask to see your driver's license or other identifying documents that will allow us to identify you. This information may be shared between Lockwood and Primerica Advisors and their respective affiliates. For additional important information, please review our brochure titled, "What Does Primerica Do With Your Personal Information".

#### **Item 8            Client Contact with Portfolio Managers**

Each of the mutual funds held in your account has one or more investment managers that manage the fund's investments. Generally, mutual fund investment managers do not have direct contact with fund shareholders. However, mutual funds typically operate client service and investor relations departments that handle client communications. Inquiries to the participating mutual funds should be directed to Primerica Shareholder Services at (800) 544-5445 or P.O. Box 9662, Providence, RI 02940. Prospectuses are available on the websites of the mutual fund families and at [www.portfolio.primerica.com](http://www.portfolio.primerica.com).

You may contact your Representative in person, in writing, or by telephone. Your Representative is permitted to send this brochure and other Program documents to you by email; however, Representatives are otherwise prohibited from conducting securities business by email. Representatives are required to be reasonably available to Primerica Advisors account-holders and to respond promptly to client requests for contact. You and your Representative may choose how often to have discussions concerning your Primerica Advisors account. For assistance with your account or to obtain contact information for your Representative, you can contact Primerica Shareholder Services at (800) 544-5445 during normal business hours. To access your account online, visit [www.portfolio.primerica.com](http://www.portfolio.primerica.com)

Lockwood portfolio managers are available at the address or telephone number listed on the cover page of Lockwood's brochure.

## **Item 9 Additional Information**

### **A. Disciplinary Information**

In August 2012, PFSI entered into an Acceptance, Waiver and Consent with FINRA related to recordkeeping requirements, and mutual fund recommendations made to investors with short-term investment horizons. PFSI accepted FINRA's findings, without admitting or denying the allegations, and agreed to pay a fine of \$100,000. Specifically, FINRA found that during 2008 through 2011, due to programming, design and human errors, PFSI's systems failed to detect that certain customers were not provided with a copy of their account record as required by SEC Rule 17a-3(a)(17). That rule requires a broker-dealer to provide customers with a copy of certain information contained in their account record within 30 days of account opening, and then every 36 months thereafter if another suitability determination had occurred. FINRA also found that from April 2007 through February 2009, the firm's Investor Profile Questionnaire was inadequate in that it did not record the specific rationale for placing customers with a short-term investment horizon in mutual funds. PFSI has implemented corrective measures to address these findings.

### **B. Other Financial Activities and Affiliations**

PFSI is an indirect, wholly-owned subsidiary of Primerica, Inc., a publicly traded company (NYSE – PRI) headquartered in Duluth, Georgia. Primerica, Inc. offers financial products and services, including term life insurance, mutual funds, annuities, mortgage loans and other products which are distributed through various subsidiaries. PFSI is dually registered with the SEC as a broker-dealer and investment adviser. Through its broker-dealer operations, PFSI sells mutual funds, variable annuities and 529 Plans. Some of the funds that participate in the Program are also available for purchase through PFSI as a broker-dealer. You may be able to meet your investment needs by purchasing from PFSI or its affiliates products and services other than the Program. Before deciding how to invest, you should carefully consider the costs and services associated with the different products available through PFSI and its affiliates.

### **C. Compensation from Other Investment Advisers**

Primerica Advisors receives compensation from the investments advisers to the mutual funds that participate in the Program. Generally, the advisers to the funds in the Program have agreed to pay compensation to Primerica Advisors at varying rates. As discussed in Item 4, the receipt of this compensation could create a potential conflict of interest if Primerica Advisors or our Representatives had the ability to purchase securities for your account that pay higher compensation. We have, however, sought to eliminate this potential conflict by granting Lockwood the authority to select the mutual funds to be used in the Program. Additionally, your Representative's compensation is the same regardless of which mutual funds you own and Primerica Advisors intends not to share with its Representatives

information regarding the rate of compensation received from the various advisors in the Program. Also, any investment adviser to a mutual fund in the Program may provide non-cash compensation to selected Representatives in the form of payment of expenses to attend training and educational meetings, during which such adviser may promote the Program Funds it manages.

#### **D. Code of Ethics**

Primerica Advisors has adopted a Code of Ethics (“Code”) pursuant to Rules 204A-1 and 204-2 of the Investment Advisers Act of 1940. The Code is intended to reflect the principles that govern the conduct of Primerica Advisors and its associated persons in those situations where Primerica Advisors acts as an investment advisor as defined under the Advisers Act. The Code addresses topics such as standards of business conduct, compliance with applicable federal law and the personal securities activities of associated persons. Primerica Advisors’ associated persons may invest in the same mutual funds as are recommended to clients, at the same or different times. All associated persons are required to acknowledge receipt of the Code policies. A copy of the Code is available upon request.

#### **E. Review of Accounts**

Annually, Primerica Advisors or a Representative will undertake reasonable efforts to contact you to discuss your financial situation and investment objectives to determine whether the account continues to meet your investment needs. Also, as a part of each quarterly statement, you will be reminded to contact Primerica Advisors or your Representative if there have been any changes to your circumstances that would cause you to alter your responses to the investment profile questionnaire. Your statement will include instructions regarding the steps to take if any changes have occurred. Also on a periodic and as-needed basis, Lockwood will review your account to ensure that the amount invested in each asset class remains in balance with the asset allocation provided for by the model. If necessary, the account will be rebalanced; meaning shares of certain funds will be bought and sold to achieve the appropriate asset allocation. The quarterly statements you will receive will show the securities held in your account, the value of the securities and any transactions that occurred in the account during the previous quarter.

#### **F. Client Referrals and Other Compensation**

Primerica Advisors does not directly or indirectly compensate any person for client referrals. As discussed in Item 4 and elsewhere in Item 9, Primerica Advisors receives compensation from the funds participating in the Program and from the investment advisers to those funds. Primerica Advisors may occasionally hold sales incentives related to the Program in which Representatives are eligible to qualify for trips. Eligibility will be based solely on total sales or assets under management and never on the sale of particular funds or fund families. Representatives also are eligible for cash bonuses and other non-cash compensation. Bonuses, incentive trips and non-cash compensation are in addition to a Representative’s compensation derived from the Fee. The possibility of receiving this additional compensation or incentive could cause a Representative to favor the Program over other investments

options when deciding which products to present to you for your consideration. Funding for the incentive trips may be provided by Primerica Advisors and its affiliates. The cost of incentive trips may be defrayed by sponsorship or participation fees paid by the Program funds. Primerica Advisors addresses this potential conflict of interest through disclosure. Before investing, you should carefully consider the cost and benefits of the Program along with your investment needs and objectives.

#### **G. Financial Information**

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

#### **H. Custody**

Primerica's affiliate, Primerica Shareholder Services ("PSS") serves as qualified custodian for assets in the Program. Accordingly, PSS will hold all book-entry shares of the Program Funds issued to Clients in the Program and will process all purchases, redemptions and other transfer of such shares. In addition, PSS will receive and distribute dividends and other distributions and send Client statements of all activity in Client's Account on no less than a quarterly basis. PSS has engaged BNY Mellon Investment Servicing (US) Inc., an affiliate of Lockwood, to perform certain administrative, record-keeping and shareholder servicing on its behalf. By investing in the Program, Client authorizes Lockwood to give fund and securities disbursement and transfer instructions for the Account to PSS and its agents on Client's behalf.

#### **I. No Legal or Tax Advice.**

Client acknowledges that neither Primerica, its Representative nor Lockwood provides tax, accounting or legal advice and that Client should consult with Client's tax advisor regarding the tax consequences of Client's decision to invest assets in or withdraw assets from the Program.