



This document is directed towards clients who are participating, or are considering participating, in a wrap fee program (“**Program**”) sponsored by Janney Montgomery Scott LLC (“**Janney**”) that is managed by a third-party investment manager (“**Investment Manager**”) and provides information regarding these investment managers’ placement of client trade orders and their practices of “trading away” from Janney.

### Trading Away and Step-Out Trades

The practice frequently referred to as “trading away” refers to trades that are executed at a broker-dealer other than a wrap program sponsor and cleared and settled by the program sponsor. These trades are frequently called “step-out” trades. In relation to a Program account, a step-out trade is a trade placed by an Investment Manager with a broker-dealer other than Janney and clear and settled at Janney.

### Best Execution Obligation

Investment Managers that manage client accounts under a Program have investment discretion over your account which allows the Investment Manager to decide which securities to buy and sell in your account and place trade orders for such securities. As an investment adviser, an Investment Manager has an obligation to seek “best execution” of client trade orders which means the Investment Managers have full authority to execute trades with those broker-dealers that they believe are capable of providing the best qualitative execution under the circumstances. An Investment Manager may determine that Janney or another broker-dealer’s execution capabilities provide the most favorable options under the circumstances. When an Investment Manager chooses to place a trade with Janney, Janney will act in its capacity as a broker-dealer, not an investment adviser, to execute the trade at the direction of the Investment Manager.

In complying with its best execution obligation, an Investment Manager typically reviews several factors that reflect on the quality of the trade execution of the broker-dealer. The Investment Manager may consider the full range and quality of a broker-dealer’s services, including but not limited to the following factors: the nature of the security, the size and type of transaction, the nature and character of relevant markets, the executing broker’s execution, clearance and settlement capabilities and its reputation, soft dollar arrangements, the importance of speed, knowledge, efficiency, consistency and anonymity provided by the executing broker and additional investment opportunities. Additional trading costs associated with “trading away,” as described below, may be one of several factors the Investment Manager assesses when fulfilling its best execution obligations. Each Investment Manager may consider different factors or may place different weight on the factors it uses to meet its best execution obligation. An Investment Manager’s best execution obligation does not require the manager to solicit competitive bids for each transaction or to seek the lowest available cost of trade orders, so long as the manager reasonably believes that the broker-dealer selected can be reasonably expected to provide clients with the best qualitative execution under the circumstances.

### Trade Aggregation and Rotation

Investment Managers may participate in other wrap fee programs sponsored by firms other than Janney. In addition, Investment Managers may manage institutional and other accounts not part of a wrap fee program. In order to avoid buying and selling the same security for all client accounts through multiple broker-dealers, the Investment Manager may decide to aggregate all such client transactions into a block trade that is executed through one broker-dealer. This practice may enable the Investment Manager to obtain more favorable execution, including better pricing and enhanced investment opportunities, than would otherwise be unavailable if orders were not aggregated. Using block transactions may also assist the Investment Manager in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive or competing client trade orders. However, as it pertains to Program clients, this practice may result in “trading away” from Janney.



Alternatively, an Investment Manager may utilize a trade rotation process where one group of clients may have a transaction effected before or after another group of the Investment Manager's clients. Investment Managers who implement their client trades using a trade rotation process do so in order to minimize the impact of their trading on the securities or markets in which they trade. A client should be aware that an Investment Manager's trade rotation practices may at times result in a transaction being effected for the client's account near or at the end of the manager's rotation and, in such event, the client's trade orders will significantly bear the market price impact, if any, of those trades executed earlier in the manager's rotation, and, as a result, the client may receive a less favorable net price for the trade. Nonetheless, trade rotation policies are typically designed to ensure that clients are treated equitably and fairly over time. Additional information regarding a particular Investment Manager's trade rotation policies, if any, is available in the manager's Form ADV Part 2A Brochure.

### Costs Associated with Trading Away and Step-Out Trades

You will not pay additional trading costs when Janney executes a trade order in your Program account as broker-dealer. For this reason, the Investment Managers may determine that Janney's execution capabilities as broker-dealer provide the most favorable option for placing trade orders in your Program account. However, the Investment Managers may choose to execute trades with another broker-dealer if the managers reasonably believe another broker-dealer can obtain a more favorable execution under the circumstances. If the Investment Manager executes trade orders with a broker-dealer other than Janney, you may incur trading costs in addition to the fees charged to participate in the Program. The broker-dealer executing the transaction may charge additional fees, such as: commissions, markups, mark-downs or "spreads" paid to market makers. Additionally, if a foreign currency transaction is required, a foreign broker-dealer firm may receive compensation in the form of a dealer spread, markup or markdown. There may be other exchange or similar fees, including but not limited to foreign ordinary conversion and creation of American Depositary Receipts ("ADRs") charged by third parties as well as foreign tax charges. As a result, Investment Managers who trade away from Janney and their strategies could be more costly to a client than Investment Managers that primarily place client trade orders with Janney for execution. A client should review the Investment Manager's Form ADV Part 2A Brochure, inquire about the Investment Manager's trading practices, and consider that information carefully, before selecting an Investment Manager. In particular, the client should carefully consider any additional trading costs associated with a particular Investment Manager before selecting an Investment Manager to manage the client's Program account.

### Program Investment Managers Trading Away

A list of Investment Managers that informed Janney that they traded away or intended to trade away from Janney during 2018 is set forth below. An Investment Manager's past trading away practice is not a guarantee that such manager will follow the same practice in the future. It is possible that Investment Managers not listed below will trade away from Janney in the future or that Investment Managers listed below will trade away more frequently or at a higher cost to clients. Thus, a client's trading costs relating to step out trades could be greater than shown below.

The information about each manager provided below is based solely upon the information the Investment Manager provided to Janney. As a result, Janney has not independently verified the information, nor do any of its affiliates or associates make any representation as to the accuracy of any such information. Investment Managers were required to attest to the accuracy of their responses and to having policies and procedures related to best execution.

A client should contact their Janney Financial Advisor to obtain specific information about an Investment Manager's trade away practices.

2018 THIRD-PARTY INVESTMENT MANAGERS' TRADE EXECUTION  
PRACTICES

Janney Montgomery Scott LLC, 1717 Arch Street, Philadelphia, PA 19103



Manager Name/Strategy	Additional Cost Incurred by Clients Participating in those Trades	Dollar-Weighted <sup>1</sup> Percentage of Client Trades Stepped Out
<b>Agincourt Capital Management, LLC</b>		
Intermediate Fixed Income	0.00	1
<b>AllianceBernstein</b>		
AB Tax-Aware Fixed Income SMA	0.00	0
<b>Appleton Partners, Inc.</b>		
Intermediate Municipal	0.00	100
<b>Belle Haven Investments</b>		
Ladder PLUS	0.00	100
Muni PLUS	0.00	100
Taxable Ladder PLUS	0.00	100
Taxable PLUS	0.00	100
<b>BlackRock</b>		
Intermediate Muni SMA	0.00	100
<b>Boyd Watterson Asset Mgt.</b>		
Investment Grade Intermediate SMA	0.00	1
Ultra Enhanced Core ETF	0.00	0
Ultra Enhanced Core SMA	0.00	100
<b>Brandes Investment Partners<sup>2</sup></b>		
Brandes Emerging Markets Equity Portfolio	17.64	38
Brandes Global Equity Portfolio	15.37	29
Brandes Global Mid Cap Portfolio	13.02	32
Brandes International Equity Portfolio	13.94	30
Brandes U.S. Value Equity Portfolio	0.00	2
<b>Breckinridge</b>		
Intermediate Tax-Efficient	0.00	99
<b>Cincinnati Asset Management</b>		
High Yield Fixed Income	0.00	100
<b>Eaton Vance Management</b>		
Eaton Vance Corporate Ladders	0.00	100
Eaton Vance Managed Municipals/TABS Laddered/TABS Active	0.00	90
<b>GW&amp;K Investment Management</b>		
GW&K Municipal Bond Strategy	0.00	100
<b>Gyroscope Capital Management Group</b>		
Optimized Listed Option Strategy	0.03	100
<b>Horizon Kinetics LLC</b>		
Kinetics All Cap	0.00	0



Manager Name/Strategy	Additional Cost Incurred by Clients Participating in those Trades	Dollar-Weighted <sup>1</sup> Percentage of Client Trades Stepped Out
<b>Janney Capital Management</b>		
Equity Income	0.03	42
Keystone Discretionary	0.03	95
ETF Advantage	0.03	97
Dynamic Income	0.03	87
Dynamic Asset Strategies	0.03	99
All Cap Core	0.03	40
Active Index Fixed Income	0.03	73
Active Index	0.03	97
Global Small Cap Strategy	0.03	32
<b>JPMorgan Asset Managemet</b>		
J.P. Morgan Municipal STEPS 1-17	0.00	100
J.P. Morgan STEPS Yield Curve Enhanced	0.00	100
<b>Legg Mason Private Portfolio Group<sup>3</sup></b>		
Dividend Strategy	0.0165	100
All Cap Growth	0.0144	21
All Cap Value	0.0143	34
All Cap Value Balanced Taxable 60/40	0.0150	100
Appreciation Balanced Taxable 70/30	0.0130	71
MDA5A - Diversified All Cap	0.0149	60
Mid Cap	0.0017	39
MDA8 - Global All Cap Blend	0.0123	44
MDA7A - Global All Cap	0.0140	90
MDA7 - Global Growth Balanced Tax Favored 60/40	0.0105	20
Balanced Income Tax Favored State Specific 60/40	0.0077	88
MDA5A - Diversified All Cap Balanced Taxable 70/30	0.0150	77
Balanced Income Taxable 70/30	0.0077	55
MDA5 - Multi-Cap Blend III	0.0121	20
MDA4 - Global Multi-Cap Growth	0.0135	75
MDA3 - Dividends & Growth Balanced Taxable 70/30	0.0166	71
MDA3 - Dividends & Growth Balanced Taxable 60/40	0.0109	27
MDA3 - Dividends & Growth Balanced Tax Favored 70/30	0.0163	15
MDA3 - Dividends & Growth	0.0159	33
MDA1 - Large Cap Blend	0.0126	96
MDA0 - All Cap Blend Balanced Taxable 70/30	0.0143	69
MDA0 - All Cap Blend Balanced Taxable 60/40	0.0148	77
MDA0 - All Cap Blend	0.0135	38
Large Cap Value	0.0101	86

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<b>Legg Mason Private Portfolio Group<sup>3</sup></b>		
Large Cap Growth ESG	0.0129	75
Large Cap Growth	0.0148	31
International Growth ADR ESG	0.0128	65
Dividend Strategy Balanced Taxable 70/30	0.0166	13
Dividend Strategy Balanced Taxable 60/40	0.0156	23
MDA3 - Dividends & Growth Balanced Tax Favored 60/40	0.0108	29
MDA7 - Global Growth	0.0129	99
<b>McDonnell Investment Management</b>		
5 year (Intermediate) Municipal	0.00	100
<b>Municipal Asset Management</b>		
Tax Exempt Fixed Income	0.00	100
<b>Pacific Income Advisers, Inc.</b>		
Limited Duration MACS	0.001	32
Market Duration MACS	0.001	72
<b>Parametric</b>		
EAFE ADR	0.0068	1
<b>PIMCO</b>		
PIMCO Total Return SMA	0.00	100
<b>Reinhart Partners</b>		
Reinhart Partners Active Intermediate Fixed Income	0.00	100
<b>Silvercrest Asset Management Group LLC</b>		
Small Cap Equity	0.00	0
<b>The Swarthmore Group, Inc.</b>		
High Quality Intermediate Fixed Income	0.00	100
<b>Thompson, Siegel &amp; Walmsley LLC</b>		
Balanced	0.00	100
Equity	0.00	100
<b>Thornburg Investment Management</b>		
Thornburg International ADR Strategy	0.0410	79
Thornburg Large-Cap Core	0.0556	27
<b>Tortoise Credit Strategies</b>		
Tortoise Credit High Yield SMA	0.00	100

<sup>1</sup> All percentages are approximate. For purposes of this calculation, the manager was required to divide (a) the total dollar amount of Janney client transactions in equity securities that the manager placed with broker-dealers other than Janney for execution by (b) the total dollar amount of Janney client transactions in equity securities the manager placed with all broker-dealers, including Janney. For example, assume Firm A placed a total of 1,000 equity securities transactions for Janney clients during 2018, having an



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aggregate dollar value of \$1,000,000. Of that total, Firm A placed 700 of those transactions with broker-dealers other than Janney. The aggregate dollar value of the equity securities transactions placed with the other broker-dealers was \$950,000. The percentage dollar amount of trades in equity securities that Firm A traded away in 2018 was 95.0% (\$950,000 divided by \$1,000,000).

<sup>2</sup> Additional cost is expressed in terms of an average cents-per-share ("cps") for all trades executed on US/Canada markets. Trades executed on non-US/Canada markets are expressed in terms of an average of basis points ("bps").

<sup>3</sup> Number of accounts, timing of inceptions and terminations, client directed cash flows and time period under review, can all be variables that affect the percentage dollar amount of trades that were stepped out.