



CASH SWEEP PROGRAM DISCLOSURE STATEMENT

Introduction. Sterne, Agee & Leach, Inc.'s (Sterne Agee's) Cash Sweep Program (Cash Sweep Program) offers you the ability to automatically "sweep" uninvested cash balances in your account into (i) Federal Deposit Insurance Corporation (FDIC) insured bank deposit accounts (IDP Accounts) at multiple FDIC-insured banks (Participating Banks), or (ii) certain money market mutual funds available in the Cash Sweep Program (Participating Funds) (collectively, "Cash Sweep Options"). Participating in the Cash Sweep Program provides you the opportunity to earn interest or dividends on your funds while they are awaiting investment, or as needed to satisfy obligations arising in connection with your account. Both Cash Sweep Options are intended as a short use of cash and should not be viewed as long term investment options.

If you are purchasing an investment, the automatic sweep feature allows the exact amount of the transaction to be swept from your Cash Sweep Option in order to fund such purchase on settlement date. If you are selling an investment, the proceeds are automatically swept to your account's Cash Sweep Option by the day following settlement. If you make a deposit to your account (by check, ACH, wire, etc.), it may take up to two business days before your deposit sweeps into your Cash Sweep Option, and such deposits will constitute Free Credit Balances until they are swept.

Upon opening your account, you will have the opportunity to elect to participate in the Cash Sweep Program and, if so, designate into which Cash Sweep Option you want your uninvested funds swept. You may also direct that we leave your uninvested cash balances as a free credit balance awaiting investment in your account (Free Credit Balance). Sterne Agee may use and earn income on Free Credit Balances, as permitted by law, and may or may not pay interest on such balances.

We may, upon prior notice to you, change, add or delete products available through, or the terms and conditions of, our Cash Sweep Program. Further, we may, upon prior notice to you, change the Cash Sweep Option in which you participate from one option to the other. If you do not object to any such notice within 30 days, you agree we may treat your non-response as your approval.

CASH SWEEP OPTIONS

FDIC Insured Deposit Account. If your account is eligible and you select the IDP Accounts as your Cash Sweep Option, your available cash balances will be automatically swept from your brokerage account into an interested-bearing account at the Participating Banks. The Cash Sweep Program has a network of FDIC-insured Participating Banks to which funds can be spread in order to maximize total protection. A list of current Participating Banks is available at <http://sterneagee.com/sweep-program/>. Participating Banks may be added to or removed from our Cash Sweep Program without prior notice to you.

Sterne Agee acts as exclusive custodian and agent with respect to all transactions relating to the IDP Accounts, and has established a separate account for the benefit of customers at each Participating Bank and evidenced by a book entry on the account records on each such Participating Bank. Each such deposit account maintained at the Participating Banks is insured by the FDIC within certain applicable limits, as described below. Sterne Agee maintains records of your interest in each deposit account at each Participating Bank. No evidence of ownership,

such as passbook or certificate, will be issued to you, thus all transactions in the IDP Accounts must be made through us.

All questions regarding IDP Accounts should be directed to your financial advisor and not the Participating Banks. The Participating Banks will not accept any instructions concerning your deposits in a Participating Bank through this Cash Sweep Program unless such instructions are sent by us.

Funds swept into IDP Accounts will begin earning interest from the day they are received by the Participating Bank up to, but not including, the date of withdrawal. Interest will accrue daily and be credited to your account monthly and appear on your periodic brokerage account statement. The daily rate of interest described below is 1/365 of the applicable interest rate. You will receive a Form 1099-INT from Sterne Agee indicating the amount of interest income.

The rate at which you will earn interest on your deposits will be established periodically by us and will vary based upon a number of factors, including the aggregate amount of deposits by all participants in the IDP accounts, the interest rates paid by the Participating Banks, the fees paid to our intermediary bank, Cadence Bank (our "Intermediary Bank") (up to 25 basis points (0.250%)), the interest retained by us (up to 200 basis points (2.00%)), and prevailing market and other business conditions. Generally, the interest rate you receive will not vary depending on the particular Participating Bank in which your funds are deposited. Current rates of return for each available Cash Sweep Option can be found at <http://sterneagee.com/sweep-program/>.

Sterne Agee may waive all or a portion of the fees payable to us. The fees that Sterne Agee receives in connection with the IDP Accounts may be higher than the compensation that Sterne Agee receives in connection with the Participating Funds used as a Cash Sweep Option. A portion of any fees received by us from Participating Banks may be paid to your financial advisor.

The rate you receive is subject to reduction to the extent a Participating Bank's premium costs to FDIC are increased. The rates paid with respect to the IDP Accounts may be higher or lower than rates of return available for money market mutual funds, or as a depositor directly with a bank, including any of the Participating Banks. You should compare the terms, rates of return, charges and other features with other available Cash Sweep Options, as well as other comparable accounts and investment options. Cash swept into an IDP Account at a Participating Bank is federally insured up to applicable FDIC limits in the event of a bank failure. FDIC coverage limits are \$250,000 for all deposits (checking, money market, savings, CDs, etc.) per depositor, per insured bank, for each account ownership category. For example, if you had both a checking and a savings account in your individual name at the same Participating Bank, the combined balance of both accounts would be insured for \$250,000. See www.fdic.gov for additional account category and coverage information.

FDIC insurance begins once funds are swept into the IDP Account at the Participating Bank. While in transit from us to the Participating Banks and from the Participating Banks to us, the funds pass through our Intermediary Bank. While at our Intermediary Bank, such funds are also eligible for FDIC Insurance, to the FDIC maximum per account type, when aggregated with any other deposits held by you in the same capacity at our Intermediary Bank. It is possible that your funds in transit at our Intermediary Bank will exceed the maximum amount of FDIC coverage available through our Intermediary Bank as an individual bank; therefore, the amount that exceeds that amount may not be covered by FDIC insurance until such funds are remitted to Participating Banks.

It may take up to two business days for funds deposited in your brokerage account to sweep to our Intermediary Bank for allocation to Participating Banks. Until the sweep occurs, the funds will remain uninvested Free Credit

Balances in your account. Because Sterne Agee is a member of the Securities Investor Protection Corporation (“SIPC”), our customers are protected up to applicable SIPC limits if Sterne Agee were to go out of business and there were customer securities or funds unaccounted for. Current SIPC limits are \$500,000 for securities and cash per customer, of which up to \$250,000 may be in cash (i.e., Free Credit Balances). Sterne Agee carries excess SIPC coverage through Lloyd’s of London that, if applicable, is designed to pick-up where SIPC protection ends by covering customers for up to an additional \$24.5 million per customer, which covers up to an additional \$900,000 in Free Credit Balances per customer. This policy has an aggregate policy limit of \$100 million in total protection. Neither SIPC protection nor excess SIPC coverage provides protection against market losses. Once funds are swept into an IDP Account they are held at an FDIC member bank and, accordingly, they are protected by FDIC insurance. They are not covered by SIPC or by Lloyds. For additional information about SIPC coverage, visit www.sipc.org.

Your uninvested cash will be swept into one or more Participating Banks in accordance with a nondiscretionary mathematical formula (algorithm). Generally, no more than \$250,000 (\$500,000 for joint accounts) will be swept into any one Participating Bank. It is, however, possible that your Cash Sweep deposit combined with other deposits you make at a Participating Bank (directly or through an intermediary) could exceed the maximum amount of FDIC insurance available at an individual Participating Bank. We will inform you on each periodic statement of which Participating Bank(s) maintain deposits with respect to your account, all deposit and withdrawal activity, opening and closing balances, interest earned, and the detail of balances held at each Participating Bank. You are responsible for monitoring the total amount and insurable capacity of deposits you have at each Participating Bank (both as a part of and outside of the Cash Sweep Program). You may instruct us not to deposit your funds in a particular Participating Bank. Any such instruction will result in any current deposit in that Participating Bank being withdrawn and deposited in another Participating Bank, and no new deposits will be made in the Participating Bank in which you instructed us not to sweep your funds. If the amount of your deposits exceeds the capacity of Participating Banks to provide deposit insurance or if we are otherwise unable to sweep your funds into an IDP Account, we will sweep such funds into the Federated Trust for US Treasury Obligations money market fund.

In the event that any Participating Bank rejects any additional deposits, withdraws entirely or is terminated from the Cash Sweep Program, such balances will be reallocated to another Participating Bank to the extent possible. You also may, outside of the Cash Sweep Program, establish a direct depository relationship with the Participating Bank, subject to the Participating Bank’s rules with respect to maintaining accounts. If you establish such direct relationship, these applicable deposits will no longer be part of your brokerage account.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period in which the FDIC must make insurance payments available, and Sterne Agee is under no obligation to credit your account with funds in advance of payments received from the FDIC. Furthermore, you may be required to provide certain documentation to the FDIC and to us before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

Money Market Mutual Funds. A money market mutual fund (money market fund) is a type of mutual fund that is required by law to invest in low-risk securities. These funds have relatively low risks compared to other mutual funds and pay dividends that generally reflect short-term interest rates. Unlike a “money market deposit account” at a bank, money market funds are not federally insured. Money market funds typically invest in

government securities, certificates of deposit, commercial paper of companies, or other highly liquid and low-risk securities. Money Market Funds seek to achieve the highest rate of return (less fees and expenses) consistent with prudence and their investment objectives. Before investing in a money market fund, you should carefully read all of the fund's available information, including its prospectus, or profile if the fund has one, and its most recent shareholder report. For more information about money market funds, see:

<http://www.sec.gov/answers/mfmmkt.htm>.

A list of Participating Funds is available at <http://sterneagee.com/sweep-program/>. You may also contact us to obtain a free prospectus for any Participating Fund. Some Participating Funds may require minimum investment amounts. You should review the prospectus carefully before selecting a Participating Fund as your Cash Sweep Option or sending money to invest in such Participating Fund. Although the money market funds available in our Cash Sweep Program seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in money market funds.

We may receive 12b-1 distribution fees, service fees, sub-transfer agent fees, recordkeeping fees and/or other compensation from money market funds and/or their affiliates. Money market fund prospectuses contain additional information about such compensation. A portion of any fees received by us from Participating Funds may be paid to your financial advisor.

Sterne Agee may, from time to time upon notice to you, add or delete Participating Funds available in the Cash Sweep Program and/or change the Participating Fund to which your funds sweep. If we make such a change, there is no guarantee that the change will provide an equal or greater rate of return to you during any given period, and the rate of return could be lower.

Money market funds are securities and, as such, (i) are not insured by the FDIC, (ii) carry no bank or government guarantee, and (iii) are subject to investment risk, including loss of principal amount invested.

Sterne Agee is a member of SIPC and, accordingly, customers are protected up to applicable SIPC limits if we were to go out of business and there were customer securities or funds unaccounted for. Current SIPC limits are \$500,000 for securities and cash per customer, of which up to \$250,000 may be in cash (i.e., Free Credit Balances). Because money market fund balances are considered securities, they do not count against the \$250,000 cash limitation of SIPC protection on Free Credit Balances. Sterne Agee carries excess SIPC coverage through Lloyd's of London that, if applicable, is designed to pick-up where SIPC protection ends by covering customers for up to an additional \$24.5 million per customer, which covers up to an additional \$900,000 in Free Credit Balances per customer. This policy has an aggregate policy limit of \$100 million in total protection. As with SIPC protection, money market fund balances do not count against the \$900,000 cash limitation. Neither SIPC protection nor excess SIPC coverage provides protection against market losses or the failure of a money market fund. For additional information about SIPC coverage, visit www.sipc.org.

CHANGING, ADDING FUNDS TO, OR WITHDRAWING FUNDS FROM YOUR CASH SWEEP PROGRAM SELECTION

Subject to satisfaction of such participation criteria as we may from time to time establish, you may change your Cash Sweep Program selection at any time to any other Cash Sweep Program option (or to Free Credit Balances) by contacting your financial advisor. Unless we otherwise agree, if you request a change from one Cash Sweep Program option to another (e.g., from a money market sweep option to the insured bank deposit option) you must transfer all of your funds in your prior option to your newly selected Cash Sweep Option. If your cash is currently being swept into money market funds you would need to redeem all shares in your Participating

Funds, or if your cash is swept into an insured bank deposit, you would need to withdraw all cash from your IDP Accounts held through the Cash Sweep Program.

Adding Funds. There is no minimum initial deposit in Participating Banks; however, there may be minimum investments required for certain Participating Funds. Please refer to the applicable prospectus or contact your financial advisor for more information.

Withdrawing Funds. You may access your funds in the Cash Sweep Program only through your brokerage account. You cannot access or withdraw Cash Sweep Program funds directly from a Participating Fund or from a Participating Bank.

When funds are needed to cover transactions or satisfy a debit in your brokerage account, we will use the following sources in the order listed: (i) available Free Credit Balances, including money added to your brokerage account not yet swept to a Cash Sweep Option, (ii) balances available in a Cash Sweep Option, and (iii) if you have a margin account, any margin credit available. For more information about margin accounts, see our Margin Disclosure Statement at <http://www.sterneagee.com/documents/margin-disclosure-clearing.pdf>.

Withdrawals from the Cash Sweep Program will normally be made on the business day following transactions in your brokerage account; however, your brokerage account is credited on the day of any debit. This process might result in you having an obligation to make us whole for the sum of the debits in your brokerage account if there is a problem withdrawing funds from an IDP Account or if you otherwise fail to sufficiently fund your brokerage account for the full amount of your daily debits.

Balances in the Cash Sweep Program can be liquidated on your order and the proceeds returned to your brokerage account or to you. Money market mutual funds may place limitations on timing and/or amount of withdrawals permitted, and you should read the fund's prospectus carefully before making an investment. Federal banking regulations require each Participating Bank in the Cash Sweep Program to reserve the right to require seven (7) calendar days prior notice before permitting a withdrawal of any deposit.

Fees. No direct fees will be assessed to your account for taking advantage of our Cash Sweep Program. Instead, we receive compensation from the Participating Funds, the Participating Banks, and/or their respective affiliates, as described in more detail above.

FREE CREDIT BALANCES OPTION

Free Credit Balances. If you determine not to sweep your uninvested cash into one of the Cash Sweep Options, we will hold uninvested cash in your account in the form of a Free Credit Balance. Free Credit Balances generally include the cash in your account held for investment minus certain items such as purchase transactions due to settle within a specified time period, other charges to your account, and credit balances that are designated as collateral for your obligations. Free Credit Balances are payable to you upon demand. We may use your Free Credit Balances to fund certain of our business operations, as permitted by law, and may earn income through such use. We may, but are under no obligation to, pay interest to you with respect to your Free Credit Balances. Rates may change without prior notice to you.

We are required by rules of the Securities and Exchange Commission to perform a weekly computation to determine whether we have a net payable to, or receivable from our customers. In the event the computation indicates a net payable, we must place required funds or qualified securities (treasury securities) on deposit in a special reserve bank account for the exclusive benefit of our customers. We keep standard control letters

current with each bank where a special reserve bank account is held. The control letters provide that the funds on deposit are for the exclusive benefit of our customers and will at no time secure, directly or indirectly, any loan made to us . The control letters also provide that assets in the special reserve bank account will not be subject to any right, charge, security interest, lien or claim of any kind in favor of the bank or any person claiming through the bank.

Free Credit Balances are generally guaranteed as to principal and interest by SIPC for up to \$250,000 per account. For more information on SIPC coverage of Free Credit Balances in your account see www.sipc.com. We carry excess SIPC coverage through Lloyd's of London that, if applicable, is designed to pick-up where SIPC protection ends by covering customers for up to an additional \$24.5 million per customer, which covers up to an additional \$900,000 in Free Credit Balances per customer. This policy has an aggregate policy limit of \$100 million in total protection.

Current interest rates on Free Credit Balances, if any, will be provided with your monthly account statements, can be obtained from your financial advisor, and are available at <http://sterneagee.com/sweep-program/>.