

Thank you for choosing Comerica as a corporate trustee for your client's trust portfolio. The following investment guidelines have been developed to help Partner Advisors construct a prudent investment strategy that meets Comerica's fiduciary standards.

Asset Allocation

Comerica Trust: Advisor Client Solutions program does not maintain specific target asset allocation or risk targets for trusts for which we serve as fiduciary. Partner Financial Advisors are encouraged to work with powerholders and beneficiaries and within the language of the trust document and any applicable state law to construct a prudent investment approach.

Income Securities

We encourage Partner Advisors to invest trust assets prudently and in a way that best satisfies both the terms of the trust document and the needs of all beneficiaries. On review, we may ask you to allocate a greater portion of trust assets to growth securities to ensure an equitable consideration of all material beneficiary interests.

Additionally, we ask that Partner Advisors who allocate trust assets to high-yield securities limit those investments to funds and Separately Managed Account (SMA) programs, and to avoid purchasing individual credits. The total allocation to high-yield securities should not exceed 15% of trust assets.

In determining what is investment vs. speculative grade fixed income securities, Comerica recognizes accepted industry investment grade guidelines of Moody's Baa3 or S&P/Fitch BBB- and higher.

Cash Balances

Trusts for which Comerica serves as fiduciary are expected to be continuously invested in income producing assets. To facilitate the management of cash for trust needs, Partner Advisors may allocate up to 20% of a trust's total assets to cash or cash equivalents.

Concentrations

Comerica can work with Partner Advisors to determine an appropriate strategy for trusts with concentrated positions.

However, unless permitted by the governing instrument, new investments in single stocks and bonds in a diversified portfolio should not exceed 15% of the trust's value. Diversified ETFs, funds, and U.S. Government-issued securities are not subject to this restriction.

Alternative Investments

Hedge funds, private placements, structured notes, and other alternative investments can be considered as part of a prudent investment approach.

We work with Partner Advisors to review each proposed alternative investment to determine whether such allocations are permitted and in the best interest of trusts for which Comerica serves as trustee.

Comerica reserves the right to limit the amount of both individual and total allocations to alternative investments, as well as the trusts in which such investments may be made.

Outside Sources of Wealth

Partner Advisors should work closely with beneficiaries to consider all sources of wealth and income when developing an investment plan. However, irrevocable trusts should be managed without regard to other assets or income. Unless permitted by the trust document, irrevocable trusts should be invested as stand-alone entities and should not be considered as a portion of a larger diversified portfolio of managed assets.

Use of Leverage

Comerica does not consider the use of leverage to be consistent with prudent fiduciary standards and does not permit Partner Advisors to invest in leveraged products. In addition, we do not allow the use of margin in trust accounts for which Comerica has

investment responsibility.

Hedging Activities

We understand that it may be necessary to limit the risk of large, highly concentrated positions and work with Partner Advisors to develop an appropriate strategy for each trust.

However, Comerica does not permit strategies which seek to hedge substantial portions of a well diversified portfolio (e.g., using an inverse listed security or derivative product). Alternatively, we expect that Partner Advisors will work with clients to develop a long-term strategy suitable for a variety of market cycles, and to adjust that long-term approach when required by changes to trust or beneficiary circumstance.

Comerica and Partner Securities

To avoid any conflict of interest, Partner Advisors must refrain from investing in any Comerica-issued securities, as well as any securities issued by their own firm. This includes Comerica-issued and partner-issued securities held in SMA programs. When using such a program, Partner Advisors must restrict the purchase of both Comerica-issued and partner-issued securities by the SMA manager.

Preparing the Investment Proposal

All Advisor Client Solutions accounts shall be placed into an approved fee-based discretionary managed program.

The investment proposal should have three components:

- **Asset Allocation/Risk Level Targeted:** Partners may use a wide variety of approaches. Some use a descriptive risk scale (e.g., “conservative,” “moderate,” “growth”) while others use a specific asset allocation (“40/60,” “60/40,” “80/20”). Both approaches are acceptable, but at least one should be noted specifically and not inferred from the suggested investment mix proposed.

- **The Intended Investments:** The proposal should note the choice of investments (in the case of funds and SMAs), and the actual holdings of any “Advisor Managed” models and their approximate weights in the model.
- **Your Annualized Fee Schedule:** The proposal should clearly indicate the fee schedule, including applicable breakpoints.

We ask that during this process Partner Advisors obtain sign off and approval of the investment plan from other power holders assigned to the trust such as co-trustees where necessary.

Once approved, you will receive acknowledgement from Comerica that the investment proposal is acceptable under fiduciary standards. A Comerica Trust Advisor can then sign the Advisory Contract for the trust in question, which will allow you to begin managing assets.

Questions relating to this guide can be directed to the Comerica Trust Fiduciary Strategist or Comerica Trust Administrator if one has been assigned.

Want to Know More?

Want to know more about this topic or any other, Comerica welcomes the opportunity to help.

[Contact your Comerica Advisor Solutions Relationship Manager](#) or visit [comerica.com/trust](https://www.comerica.com/trust).