

## **First Citizens Asset Management Account Cash Sweep Program**

This letter provides you with important information about the Cash Sweep Program (“Program”) offered in connection with your Asset Management Account. Under the Program, and with your consent, uninvested cash balances in your Asset Management Account (the “Account”) will be automatically swept into (1) available money market funds (“Money Market Option”), or (2) an interest-bearing bank deposit account (“Bank Deposit Option”) (collectively, “Sweep Options”) until these balances are invested by you or used to satisfy withdrawals from or other obligations arising in connection with your Account. Uninvested cash balances in the Account do not otherwise earn interest or dividends. Your Financial Consultant can provide you with additional information about the Sweep Options available for your Account.

The money market mutual funds offered in the Money Market Option may be advised or managed by an affiliate of Pershing, LLC (“Pershing”). At the time of the first sweep of available funds into the Money Market Option, you will receive the prospectus for the relevant fund, which you should read carefully. The Bank Deposit Option utilizes interest-bearing deposit accounts at First-Citizens Bank & Trust Company (“FCB”), which is an affiliate of First Citizens Investor Services, Inc. (“FCIS”). Your FCIS Account is introduced to Pershing on a fully-disclosed basis which means, among other things, that Pershing is the custodian of your assets, including uninvested cash. If you select the Bank Deposit Option, your cash will be swept to a deposit account(s) at FCB in the name of Pershing, as agent for its customers acting for themselves or others. Additional information on the Bank Deposit Option is provided in the “Bank Deposit Option” section of the attached Disclosure Statement.

The current rate of return on your selected Sweep Option can be found on the Rate Disclosure Sheet attached to the enclosed Disclosure Statement and can be obtained from your Financial Consultant or from the Customer Service office indicated on your Account statements.

The Securities Investor Protection Corporation (“SIPC”) protects each customer’s securities, including money market mutual funds, and cash held in a customer’s account at an insolvent brokerage firm by replacing missing securities and cash of up to \$500,000 per customer, including \$100,000 for claims for cash. Pershing provides excess SIPC coverage up to the value of your Account.

As cash swept into the Bank Deposit Option is an obligation of FCB, and not Pershing or FCIS, it is not covered by the SIPC. Instead, it is insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per account and \$250,000 for IRA accounts and certain self directed retirement accounts. Additional information on FDIC insurance coverage is provided in the “FDIC Insurance Coverage” section of the attached Disclosure Statement.

If, after reading this letter and the enclosed Disclosure Statement, you have any questions, please contact your Financial Consultant.

First Citizens Investor Services

**DISCLOSURE STATEMENT**  
**FIRST CITIZENS ASSET MANAGEMENT ACCOUNT**  
**CASH SWEEP PROGRAM**

**INTRODUCTION**

This Statement provides you with important information about the Cash Sweep Program offered in connection with your Asset Management Account. If you have questions that are not answered here, please contact your Financial Consultant.

**1. AVAILABLE SWEEP OPTIONS**

Under the Cash Sweep Program (the “Program”), with your consent uninvested cash balances in your Asset Management Account (the “Account”) will be automatically swept into (1) available money market funds (“Money Market Option”), or (2) an interest-bearing bank deposit account (“Bank Deposit Option”) (collectively, “Sweep Options”) until these balances are invested by you, or used to satisfy withdrawals from or other obligations arising in connection with your Account. Uninvested cash balances in the Account do not otherwise earn interest or dividends. Your Financial Consultant can provide you with additional information about the Sweep Options available for your Account.

The funds offered in the Money Market Option may be advised or managed by an affiliate of Pershing, LLC (“Pershing”). At the time of the first sweep of available funds into a Money Market Option, you will receive the prospectus for the relevant fund, which you should read carefully. The Bank Deposit Option utilizes interest-bearing deposit accounts at First-Citizens Bank & Trust Company (“FCB”), which is an affiliate of First Citizens Investor Services, Inc. (“FCIS”). Your FCIS Account is introduced to Pershing on a fully-disclosed basis which means, among other things, that Pershing is the custodian of your assets, including uninvested cash. If you select the Bank Deposit Option, your cash will be swept to a deposit account(s) at FCB in the name of Pershing, as agent for its customers acting for themselves or others. Additional information on the Bank Deposit Option is provided in the “Bank Deposit Option” section, below.

**2. CASH BALANCES ELIGIBLE FOR SWEEP OPTIONS**

Each business day your eligible available cash balances will be automatically swept into your chosen Sweep Option. There may be minimum deposits or investments applicable to the Sweep Option you select; available cash balances below such minimums may not be swept.

Any cash balances in your Account will be used first to offset any existing charges or expenses applicable to your Account, including but not limited to account fees, administrative fees, margin fees, securities transaction settlements, preauthorized withdrawals, automated payments and checks (collectively, “Account Obligations”). Only the balance in your Account in excess of the Account Obligations will be swept. Available cash balances in your Account will not earn interest or a return until swept into your chosen Sweep Option.

**3. TIMING OF SWEEPS**

Credits will be swept to your Sweep Option: (a) for cash balances resulting from the proceeds of securities sales, on the business day following the settlement date of the securities sale and (b) for non-trade-related credits such as dividends, interest or deposits, on the business day following the date on which the deposit is made or the dividends or interest are credited.

**4. ACCESS TO SWEEP OPTIONS**

You may only access your Sweep Option balances through your Account at FCIS, held at Pershing. As permitted or required by applicable regulations, FCB reserves the right to require seven (7) days prior notice before permitting a transfer out of the deposit accounts used within the Bank Deposit Option; however, FCB has no present intention of exercising that right.

**5. USE OF SWEEP OPTION BALANCES**

Money Market fund shares or cash, depending on your chosen Sweep Option, will be automatically redeemed to settle any transactions in your Account or satisfy any withdrawals from or obligations related to your Account. Assets held in your Sweep Option may serve as collateral for any margin loans associated with your Account.

Your Sweep Option will be automatically debited to satisfy Account Obligations. Each business day, such Account Obligations will be satisfied from, in the following order, available cash balances in your FCIS Account, redemptions or withdrawals from your Sweep Option, and margin loans (where applicable).

## **6. STATEMENTS AND CONFIRMATIONS**

Your Account statement will provide the balance, transaction details, and dividends or interest associated with your Sweep Option. Account statements are provided in lieu of separate confirmations on your Sweep Option transactions.

## **7. DIVIDENDS OR INTEREST**

Dividends on money market mutual fund shares in your Money Market Option will not be payable in cash, but will be reinvested in additional shares of the applicable money market mutual fund at the current net asset value. Dividends are not guaranteed and are subject to change or elimination. Interest on your Bank Deposit Option is accrued daily, compounded daily, and credited to your Account on the last business day of the statement period.

## **8. RATES OF RETURN**

The current rate of return on your selected Sweep Option can be obtained from your Financial Consultant or from the Customer Service office indicated on your Account statements. These rates will vary. If you have selected the Bank Deposit Option, the interest rates may be lower than rates available to clients making direct deposits with FCB or at other banks. If you have selected the Money Market Option, the rates may be lower than those available through investments in other money market funds available through or outside the Program.

Within the Bank Deposit Option, interest rates will be periodically established by FCB, in its discretion, based upon prevailing economic and business conditions. The interest rate applicable to your Account will vary based upon the total value of the assets held in your eligible accounts with FCIS.

FCB is not required to provide the highest interest rates prudently available, and may pay rates consistent with its interpretation of the economic and competitive environment. FCB and FCIS may financially benefit from lower interest rates. There is no direct link between bank interest rates and the best rates available in the market, including money market rates. Money market mutual funds attempt to achieve the highest rate of return consistent with the stated objectives and strategies, as set forth in the applicable prospectus. A money market mutual fund's rate of return will be negatively impacted by any fees and expenses charged by the fund; the fees and expenses of the funds available through the Money Market Option may vary based upon the share class(es) used in the Program. As the result of these factors, the rates of return for all Sweep Options will vary over time, and there is no assurance that any Sweep Option will provide a higher rate of return.

The Sweep Options are intended for short-term cash positions and should not be considered for long-term investments. Please contact your Financial Consultant to discuss available options should your financial strategy or needs call for a substantial cash or cash-equivalent position over a longer term. The automatic sweep function, however, can only be used in conjunction with the Sweep Options.

## **9. MONITORING THE SWEEP OPTIONS**

As the rates of return on the Sweep Options change, or as there are changes to your financial profile or other factors, it may be in your best interest to select a different Sweep Option or to invest your cash positions in other available options. It is your responsibility to monitor your account and the Sweep Options, and to make any determination that such a change is advisable. Neither FCIS nor Pershing will monitor your account for you or advise you on those matters.

## **10. AMENDMENTS TO THE PROGRAM**

Pershing and FCIS may in their discretion modify the Program, and the changes may change the Sweep Option for your Account. If such a modification occurs, it may affect the rate of return on the Sweep Option, including a reduction from that of your current option. You will receive advance notice of such a modification and, unless you object within the time set forth in the notice, we will transfer your current balance from the existing Sweep Option to the modified Sweep Option and, going forward, all cash balances will be swept into the modified Sweep Option.

## **11. ALTERNATIVES TO THE ACCOUNT**

Your Financial Consultant can provide additional information on alternative investments for your cash balances, and prospectuses for non-Program money market mutual funds. Please review the prospectus carefully before investing, whether applicable to a Program or non-Program fund. Money market mutual funds strive to maintain a net asset value of one dollar per share, but it is possible to lose money by investing in them. Money market mutual funds are not guaranteed or insured by the FDIC or any other governmental agency, and are not deposits of any bank or bank affiliate.

## 12. FINANCIAL BENEFITS TO PERSHING, FCIS AND FCB

Pershing, FCIS and FCB receive fees and benefits for services provided under the Program. FCIS and FCB may make available Sweep Options that are more profitable to us than other comparable options. A portion of the fees may be paid to your Financial Consultant.

If you select the Money Market Sweep Option, Pershing and FCIS may receive Rule 12b-1 distribution fees, service fees and/or other compensation as the result of sweeping your available cash balances into the selected money market mutual fund. These fees vary depending on the money market mutual fund selected and the fund share class used. While the fees are paid directly by the money market mutual fund, as a shareholder you ultimately bear those fees.

If you select the Bank Deposit Option, FCB may financially benefit from the cash balances swept into the deposit accounts. FCB earns net income from the difference between the interest it pays on such deposit accounts and what it earns as income on loans, investments and other assets. As discussed in “Rates of Return,” FCB may pay rates of interest on the Bank Deposit Option which are below prevailing market interest rates. Pershing will additionally receive fees for services it provides in conjunction with the Bank Deposit Option. Pershing and FCIS may also receive a benefit from the possession of your available cash balances prior to their being swept to FCB through the Bank Deposit Option.

## 13. SIPC INSURANCE

The Securities Investor Protection Corporation (“SIPC”) provides certain protections to customers of its members, specifically the custodial risk to customers of securities brokerage firms like Pershing and FCIS in the event the firm(s) becomes insolvent. SIPC does not insure against the failures of issuers of a securities, the quality of investments, or declines in the value of investments. SIPC rather protects each customer’s securities, including money market mutual funds, and cash held in a customer’s account at an insolvent brokerage firm by replacing missing securities and cash of up to \$500,000 per customer, including \$100,000 for claims for cash. Pershing provides excess SIPC coverages up to the value of your Account.

As cash swept into the Bank Deposit Option is an obligation of FCB, and not Pershing or FCIS, it is not covered by SIPC. Instead, it carries the protection of FDIC coverage, which is discussed below in “FDIC Insurance Coverage.”

## 14. THE BANK DEPOSIT OPTION

This Section contains additional information on the Bank Deposit Option. The Bank Deposit Option consists of interest-bearing accounts in the name of Pershing as agent maintained at FCB, a depository institution chartered under the laws of North Carolina and additionally regulated by the FDIC. FCB is affiliated with FCIS. If you select the Bank Deposit Option as your Sweep Option, your available cash balances will be swept into a deposit account maintained at FCB.

### 14.1 FDIC Insurance Coverage

Your balances swept into the Bank Deposit Option, combined with any other deposits you maintain at FCB, are insured by the FDIC, an independent agency of the United States government. Your Bank Deposit Option funds become eligible for FDIC insurance immediately upon deposit in the relevant account maintained at FCB. FDIC rules establish certain limits upon the amount of coverage applicable to those deposits. Your other deposits at FCB are aggregated with your Bank Deposit Option balance to determine FDIC coverage. Any deposits which you maintain directly with FCB, together with any other deposits at FCB held on your behalf through an intermediary such as Pershing or FCIS, are combined with your Sweep Option balance for purposes of determining FDIC insurance limits. The FDIC does not insure your aggregated total deposits at FCB to the extent that they exceed the applicable limit.

While it is unlikely that FDIC insurance payments will ever become necessary on your Bank Deposit Option balances, FDIC insurance coverage includes principal plus unpaid and accrued interest. You may have to provide certain documentation to the FDIC and Pershing to receive FDIC insurance payments. There is no specific time during which the FDIC must make insurance payments, if they were ever necessary.

The following provide some illustrations of how FDIC coverage limits are calculated and applied. Further information and explanations are available at the FDIC’s website, [www.FDIC.gov](http://www.FDIC.gov). (Note: The insurance coverage limits of \$250,000 for all accounts except Individual Retirement Accounts are effective October 3, 2008 through December 31, 2013).

Individual accounts. All accounts at FCB owned by and titled in the name of an individual are aggregated, and the combined deposits are insured up to \$250,000. Individual Retirement Accounts are insured as a separate category as described below.

Custodial accounts. Custodial accounts are deemed to be owned for insurance purposes by the person for whom the funds are held. For example, accounts opened under the Uniform Transfers to Minors (UTMA) Act are deemed to be owned by the minor for insurance purposes. Accounts opened under the UTMA will be aggregated with other accounts at FCB owned by the minor, and the combined deposits are insured up to the limit of \$250,000.

Joint accounts. Each co-owner's share in joint accounts is added together with that co-owner's other shares in joint accounts, and the total is insured up to \$250,000. This is in addition to the \$250,000 coverage for any individually-owned FCB accounts. Joint accounts are insured separately from individual accounts if each of the co-owners is a natural person and each has a right of withdrawal from the joint account on the same basis as the other co-owners.

Revocable trust accounts. A revocable trust account is a deposit account that indicates an intention that the funds will belong to one or more beneficiaries upon the death of the owner (grantor/settlor/trustor). Revocable trust accounts include: (i) informal revocable trusts, often called payable on death (POD) accounts, Totten trusts, or in trust for (ITF) accounts, that are created when the trust owner signs an account agreement with the bank, usually part of the bank's signature card, indicating that the funds are payable to one or more beneficiaries upon the owner's death; and (ii) formal revocable trusts, known as living or family trusts, which are written trusts created for estate planning purposes where the owner/grantor/settlor/trustor controls the funds in the trust during his/her lifetime and reserves the right to revoke the trust. Revocable trust insurance coverage is calculated on all formal and informal revocable trust deposits held by the same owner at the same insured institution. Deposit insurance coverage for revocable trust accounts is provided to the owner of the trust based on the number of named beneficiaries and, in some cases, the interests allocable to the beneficiaries. If the trust beneficiary is an individual, charity or other non-profit organization (as defined by the IRS), the following rules apply: (i) revocable trust accounts with five or fewer beneficiaries: each owner's share of the account funds is insured up to \$250,000 for each beneficiary regardless of the actual interests of the beneficiaries under the trust; (ii) revocable trust accounts with six or more beneficiaries: each owner's share of the account funds is insured for the greater of either (1) the coverage based on each beneficiary's actual interest under the trust, up to \$250,000 per beneficiary, or (2) \$1,250,000. If a revocable trust account has more than one owner, the respective interest of each owner is insured separately under the foregoing rules. If a beneficiary is other than an individual, charity or other non-profit organization (as defined by the IRS), the funds in the trust account corresponding to that beneficiary will be treated as the individually owned funds of the account owner and insured under the rules for single ownership accounts.

Irrevocable trust accounts. Deposits in an account established pursuant to one or more irrevocable trust agreements by the same person will be insured up to \$250,000 for each beneficiary's interest, provided that the beneficiary's interest is non-contingent. The deposit insurance coverage of each beneficiary's interest is separate from the coverage attaching to the beneficiary's other FCB accounts, and separate from the grantor, trustee or other beneficiaries of the trust. A beneficiary's interests in deposits held in all irrevocable trust accounts established by the same person at FCB will be aggregated and insured up to \$250,000.

Individual Retirement Accounts. Deposits in Individual Retirement Accounts ("IRA") at FCB are insured up to \$250,000 in the aggregate. Such accounts include ROTH, traditional, SEP and Simple IRAs. Funds in such IRAs will be aggregated with funds held in certain employee benefit plan accounts held at FCB in which the IRA owner has an interest.

You, and not Pershing, FCIS or FCB, are responsible for monitoring the total amounts of your deposits at FCB and determining the available FDIC insurance coverage. You may wish to withdraw any amount of Bank Deposit Option funds which exceed available FDIC insurance coverages.

## **14.2 Bank Deposit Option vs. Money Market Option**

The money market mutual funds available through the Money Market Option are registered with the SEC pursuant to the Investment Company Act of 1940. Money market funds used in this option purchase high-quality, short-term securities in an effort to maintain a net asset value of one dollar per share. There is no assurance that this net asset value will be maintained, and you may lose money by investing in money market mutual fund shares. Funds invested in money market mutual fund shares, whether purchased through the Money Market Option or otherwise, are not guaranteed by the FDIC or any other government agency and are not deposits of any bank or bank affiliate, including FCB.

Available cash balances swept through the Bank Deposit Option are placed into an interest-bearing account in the name of Pershing as agent at FCB, which is regulated by the State of North Carolina and the FDIC under various state and federal banking laws and regulations. Funds swept through the Bank Deposit Option are eligible for FDIC insurance coverages as described above.

### **14.3 Pershing as agent**

Pershing will act as your authorized agent in association with the Bank Deposit Option. In that capacity, Pershing will make deposits to and withdrawals from the Bank Deposit Option on your behalf. Your first deposit will constitute your appointment of Pershing as your agent in connection with your Bank Deposit Option. You will not receive any evidence of ownership from FCB related to your Bank Deposit Option, such as a passbook or certificate. Deposits into this option may only be made in the name of Pershing for the benefit of its customers. All transactions within the Bank Deposit Option must be made through Pershing, and all inquiries regarding your Bank Deposit Option should be directed to your FCIS Financial Consultant.

### **14.4 Ineligible clients and accounts**

Currently, the Bank Deposit Option is only available to individuals, certain non-profit organizations, fiduciaries and trusts (if the beneficiaries are individuals or otherwise eligible). Governmental and business entities, including corporations, limited liability corporations and partnerships, are ineligible. Certain non-profit corporations are likewise ineligible, as are clients with ERISA or IRA accounts participating in any Pershing or FCIS investment advisory program. Any ineligible Account selecting the Bank Deposit Option, including any available balance, will be automatically moved to an available taxable money market mutual fund of our choosing without prior notice.

## **15. ADDITIONAL INFORMATION ABOUT FCB AND FCIS**

FCB is a wholly-owned subsidiary of First Citizens BancShares, Inc. FCIS is a wholly-owned non-bank subsidiary of FCB. Further information about FCB and FCIS is available at [www.firstcitizens.com](http://www.firstcitizens.com).