

## Form ADV Part 2A & 2B

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This brochure provides information about the qualifications and business practices of Zacks Investment Management, Inc. ("ZIM" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at 312-265-9359. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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INFORMATION

## Material Changes

The following material changes have been incorporated into this brochure since the last annual amendment filed in May 2022:

- ZIM updated its principal office address in April 2023
- ZIM began marketing the “Zacks Alpha Long/Short Strategy” under the “Retail Wealth Management Program”
- ZIM added disclosure for new products that were launched, including the Zacks Earnings Consistent Portfolio ETF (ZCEP), the Zacks Earnings Consistent Portfolio Strategy and the Zacks Earnings Consistent Portfolio ETF models
- ZIM added disclosures about Zacks and Associates, LLC, an independently organized affiliate of ZIM that will offer estate planning and accounting services.

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### Advisory Business

ZIM manages investment advisory accounts primarily on a discretionary basis. Adviser manages separate accounts, public and private pooled investment vehicles, and is an adviser to a number of wrap-fee programs.

Adviser also manages investment advisory accounts on a discretionary basis under the “Retail Wealth Management Program”. This program offers clients an asset allocation approach to investments and includes twenty investment strategies: “Zacks Dividend Strategy”, “Zacks Dividend ESG Strategy”, “Zacks All-Cap Core Strategy”, “Zacks All-Cap Core ESG Strategy”, “Zacks Quantitative Strategy”, “Zacks International Equity Strategy”, “Zacks International Equity Strategy (Developed Countries)”, “Zacks International Equity Strategy (Emerging Markets)”, “Zacks Fixed-Income Strategy”, “Zacks Focus Growth Strategy”, “Zacks Focus Growth ESG Strategy”, “Zacks Energy Strategy”, “Zacks Preferred

Income Strategy”, “Zacks Small-Cap Core Strategy”, “Zacks Mid-Cap Core Strategy”, “Zacks Premier Select”, “Zacks Global Tactical Strategy”, “Zacks Small-Cap Growth Strategy”, “Zacks Small-Cap Value Strategy”, and “Zacks Alpha Long/Short Strategy.” The asset allocation also incorporates cash and cash-like instruments in its portfolios. Retail Wealth Management Program clients generally engage ZIM through a ZIM Investment Consultant (“IC”) or Regional Vice President (“RVP”) (collectively, “ZIM Investment Consultants”), or directly (e.g., Zacks Services Direct program). Please refer to *Fees and Compensation*, *Review of Accounts*, and *Client Referrals and Other Compensation* sections below for more information about Zacks Services Direct and ZIM’s Investment Consultants. For many Retail Wealth Management clients, ZIM sponsors programs where Schwab, Folio, and/or Fidelity provide trading and custody services to clients that direct brokerage and custody services, and ZIM provides advisory services to clients (individually a “ZIM Wrap Program” and collectively the “ZIM Wrap Programs”). Clients in these programs sponsored by ZIM receive Appendix 1 of Form ADV Part 2A and should refer to Appendix 1 for more information.

Adviser also manages investment advisory accounts on a discretionary basis under “alternative investments” strategies. This program offers clients an alternative approach to investments and includes the following two strategies: “Zacks Strategies II, LP”, and the “Zacks Panther Fund”. The minimum account that will be accepted is \$500,000. The typical management fee is 1% and where applicable a performance incentive fee of 20% of the total return above the high-water mark is charged quarterly.

The Adviser may utilize the services of various unaffiliated firms for assistance in providing advice to clients that request financial planning assistance. Financial planning activities may result in the subsequent management of client assets by the Advisor for which it may receive advisory fees from the client.

Adviser serves as a portfolio manager in a number of wrap fee and UMA programs sponsored by unaffiliated third-parties. With limited exceptions (i.e., Zacks Advantage), management of wrap and UMA accounts sponsored by unaffiliated third-parties are generally viewed by Adviser as part of its wholesale business. The list of programs includes, but is not necessarily limited to: (i) Wells Fargo & Company’s DMA, Master & Private Adviser Network; (ii) UBS Mac Platform Program; (iii) Charles Schwab Access & Managed Account Select; (iv) Morgan Stanley’s Vision & Select UMAs; (v) Merrill Lynch’s Merrill One (vi) LPL Manager Select Program; (vii) Janney Montgomery Partners Advisory Account/Advisors Account Program; (viii) Fidelity SAN Program; (ix) Envestnet UMA; (x) Lockwood UMA; (xi) Raymond James OMS; and (xii) TD Ameritrade UMAX & SAE (xiii) Zacks Advantage - Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios, (xiv) Wells Fargo Private Advisor Network, Masters & PUMA, (xx) UBS Managed Account Consulting. Wrap fee programs are arrangements in which investment advisory services, brokerage execution services and custody are provided by a sponsor for a single predetermined "wrap" fee (regardless of the number of trades completed by a client). Generally, clients participating in a wrap fee program (“Wrap Program Clients”) pay this single, all-inclusive fee quarterly in advance or arrears to the program sponsor, based on the net assets under management. Adviser receives from the program sponsor a portion of the wrap fee for the portfolio management services it provides. Each program sponsor is required to prepare and deliver a brochure which contains detailed information about its wrap fee program, including the wrap fee charged. Copies of each brochure are available from the program sponsor upon request. Each wrap program sponsor has retained Adviser through a separate investment

advisory contract. In limited cases, a participant in a Wrap Program has dual agreements, one agreement with the Wrap Program sponsor and an agreement with Adviser. Wrap Program Clients should note that Adviser will execute transactions for their accounts through the Wrap Sponsor. Transactions executed through a Wrap Sponsor may be less favorable in some respects than Adviser's clients whose trades are not executed through the Wrap Sponsor. This is because Adviser may have no ability to negotiate price or take advantage of combined orders or volume discounts. Adviser may be constrained in obtaining best execution for Wrap Program Clients by sending trades to the Wrap Sponsor.

Adviser also offers an online investment advisory program ("Zacks Advantage") in conjunction with Schwab Intelligent Portfolios® ("SIP") and sponsored by Schwab Wealth Investment Advisory, Inc. ("SWIA"). The Zacks Advantage program uses automated investing to create a diversified portfolio composed of Charles Schwab sponsored exchange-traded funds (ETFs), as well as an FDIC-insured cash allocation (the "Cash Allocation") that is based on the client's stated investment objectives and risk tolerance. Zacks Advantage is designed to monitor a client's portfolio daily and will also automatically rebalance as needed to keep a client's portfolio consistent with their selected risk profile.

Adviser has a number of wholesale arrangements where it provides model portfolio investment recommendations without brokerage execution or additional services. Adviser's fees for these services are negotiated on a case-by-case basis. This type of client account is not managed by Adviser; the client may be notified of changes to Adviser's model portfolio after Adviser's discretionary client accounts have traded. The client may or may not use the information received from Adviser in making investment decisions.

Adviser is hired by clients to manage assets according to a specific investment strategy (or strategies) based on the client's investment objectives and the philosophy, process, and investment performance of the strategy. Clients may impose reasonable mandates or restrictions, such as positions limits or avoiding certain securities or types of securities.

ZIM has been in business as a registered adviser since January 1992. ZIM is wholly owned by Zacks Investment Research, Inc ("ZIR"). The principal owners of ZIR are Mr. Mitch Zacks and a Zacks family trust. As of March 31, 2023, ZIM managed approximately \$8,373,500,000 of regulatory assets under management on a discretionary basis on behalf of approximately 7,545 accounts. Further, as of March 31, 2023, ZIM had additional assets under advisement of approximately \$5,986,200,000 on behalf of 26 UMA relationships. Assets under advisement consist of consulting assets (i.e., no discretion) and are not included as part of regulatory assets under management in Item 5.F. of ZIM's Form ADV Part 1.

### Index Services

The Zacks Index Services division of Zacks Investment Management creates and manages quantitative investment models that are used in financial products available to investors worldwide. Zacks Index Services manages the underlying indices behind ETFs, and also is a consultant to several unit investment trust strategies. Zacks Index Services Indices based on Zacks quantitative models are utilized by sponsors of UITs and ETFs allowing individual investor's access to strategies previously only available to institutional investors. Fees are negotiated.

## Fees and Compensation

Clients are billed in accordance with terms specified in the client agreement(s). Please see the *Performance Based Fees and Side-by-Side Management* section below for additional information with respect to fees.

### *Retail Wealth Management*

All clients with Retail Wealth Management Program accounts that are opened effective February 27, 2004 and later pay the following annual Assets Under Management Fees, which are payable quarterly in advance based on the market value of the client's account on the last business day of the previous calendar quarter.

- 1.80% if assets under management are up to \$500,000
- 1.65% if assets under management are between \$500,000 and \$1,000,000
- 1.50% if assets under management are between \$1,000,000 and \$1,500,000
- 1.45% if assets under management are between \$1,500,000 and \$2,000,000
- 1.35% if assets under management are between \$2,000,000 and \$2,500,000
- 1.30% if assets under management are between \$2,500,000 and \$3,000,000
- 1.25% if assets under management are between \$3,000,000 and \$3,500,000
- 1.20% if assets under management are between \$3,500,000 and \$4,000,000
- 1.15% if assets under management are between \$4,000,000 and \$4,500,000
- 1.10% if assets under management are between \$4,500,000 and \$5,000,000
- 1.05% if assets under management are between \$5,000,000 and \$10,000,000
- 1.00% if assets under management are greater than \$10,000,000

Retail Wealth Management accounts that were opened prior to February 27, 2004 are subject to more favorable fee arrangements.

Retail Wealth Management Program clients that have their assets held at FOLIOfn Investments, Inc., an online discount broker-dealer ("Folio"); pay Adviser an annual, fixed, non-refundable account administration fee of \$495 per client account, for an account with over \$50,000. For accounts between \$20,000 and \$50,000 in assets, the fee is \$295 per client account; for client accounts under \$20,000, the fee is zero. If client initiates non-window trades in its Folio account, incurs margin debt, or executes other selected transactions, the client may be charged a fee by Folio. Clients that have their assets held at Folio are entitled to have up to twenty different strategies in their account. If the client holds more than ten portfolios, the client pays a non-refundable fee of \$50 per year to Folio for each additional account. For the first \$500,000 in client assets, Folio receives 20 basis points of management fees charged to clients custodied at Folio, which is non-refundable to the Adviser and/or the client. For client assets above \$500,000, Folio receives 18 basis points of management fees charged to clients custodied at Folio, which is non-refundable to the Adviser and/or the client.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Unless a client requests otherwise in writing, the Adviser's general policy is to liquidate terminating accounts.

Clients with assets consisting of individual fixed-income securities such as treasury, corporate and municipal bonds pay the following annual Assets Under Management Fees, which are payable quarterly in advance based on the market value of the client's account on the last business day of the previous calendar quarter.

0.65% if assets under management are between \$500,000 and \$2,000,000

0.50% if assets under management are between \$2,000,000 and \$4,000,000

0.40% if assets under management are between \$4,000,000 and \$6,000,000

0.25% if assets under management are greater than \$6,000,000

ZIM Retail Wealth Management program clients invested in a ZIM sponsored wrap program should refer to the *Services, Fees and Compensation* section in Appendix 1 of Form ADV Part 2A for a description of ZIM Wrap Program fees.

#### Global Tactical Strategy (Retail)

Clients invested in the Global Tactical Strategy pay the following annual Assets Under Management Fees, which are payable quarterly in advance based on the market value of the client's account on the last business day of the previous calendar quarter. Clients invested in the strategy are responsible for all trading cost associated with an investment in the strategy.

0.95% for assets \$0 to \$500,000

0.90% for assets \$500,000 to \$1,000,000

0.80% for assets \$1,000,000 to \$4,000,000

0.70% for assets over \$4,000,000

#### Premier Select Strategy (Retail)

Clients invested in the Premier Select Strategy pay the following annual Assets Under Management Fees, which are payable quarterly in advance based on the market value of the client's account on the last business day of the previous calendar quarter.

1.50% for all assets under management

#### Zacks Strategies Direct

Client in the Strategies Direct program pay the following annual Assets Under Management Fees, which are deducted quarterly based on the assets under management in the client's account at the end of each calendar quarter.

0.99% for assets \$0 to \$500,000

0.90% for assets \$500,000 to \$1,000,000

0.80% for assets \$1,000,000 to \$2,000,000

0.70% for assets \$2,000,000 to \$5,000,000

0.60% for assets over \$5,000,000

Clients that engage ZIM through the Zacks Strategies Direct portion of the Retail Wealth Management Program are commonly subject to a lower fee schedule because such clients engage ZIM directly rather than using a ZIM Investment Consultant or RVP. Further, the Zacks

Strategies Direct program is not a ZIM Wrap Program; clients are responsible for paying trading and custodial costs directly to the broker/custodian.

ZIM fees may be negotiable. To the extent that clients' accounts are invested in mutual funds or exchange-traded funds ("ETFs"), these funds charge a separate layer of management, trading, and administrative expenses.

Zacks Advantage - Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios – The following fee rates apply for accounts opened effective June 1, 2018 or later. On amounts between \$5,000 - \$99,999, a monthly advisory fee is charged in arrears based on an annual fee rate of 0.70%. On amounts of between \$100,000 and \$250,000, a monthly advisory fee is charged in arrears based on an annual fee rate of 0.50%. On amounts of \$250,000 or more, a monthly advisory fee is charged in arrears based on an annual fee rate of 0.35%. With the exception of institutional clients, fees are not negotiable in this program. Zacks Advantage accounts that were opened prior to June 1, 2018 are subject to more favorable fee arrangements. Exclusive to the Zacks Advantage program, accounts that are not satisfied in the first year of service may request a refund for the associated program fee up until the end of the first year of advisory service participation (the "Advantage Pledge"). The program fee is a percentage of the eligible assets in your Service account(s). Zacks Advantage customers may participate in the Advantage Pledge one time per lifetime, even if they participate in multiple accounts. ZIM reserves the right to make this offer to Retail Wealth Management clients at its discretion. Client accounts invested in the Zacks Advantage program pay a separate layer of management, trading, and administrative expenses charged by ETF investments. The Zacks Advantage program is sponsored by Schwab and ZIM is a portfolio manager. Zacks Advantage customers should also refer to disclosure documents provided by SWIA as the sponsor.

#### *Institutional*

Institutional clients pay the following annual Assets Under Management Fees, which are payable quarterly in arrears based on the market value of the client's account on the last business day of the previous calendar quarter. Institutional clients may choose to have fees automatically deducted from their account, or to pay ZIM via a check or wire. The following fee rates apply for accounts opened effective June 1, 2018 or later.

#### All Cap Strategies

0.75% on the first \$20,000,000

0.65% on amounts greater than \$20,000,000 but below \$40,000,000

0.55% on amounts greater than \$40,000,000 but below \$80,000,000

0.45% on amounts greater than \$80,000,000

#### Dividend, Large Cap Growth and International Strategies

0.45% on the first \$50,000,000

0.35% on amounts greater than \$50,000,000 but below \$100,000,000

0.30% on amounts greater than \$100,000,000

#### Small Cap and Mid Cap Strategies

0.65% on the first \$50,000,000

0.55% on amounts greater than \$50,000,000 but below \$100,000,000

0.50% on amounts greater than \$100,000,000

Institutional accounts that were opened prior to June 1, 2018 are subject to different fee arrangements, which may be more favorable depending on account size and the investment strategy in question.

In addition to ZIM's investment management fees, retail and institutional clients will incur trading costs and custodial fees (please refer to the *Brokerage Practices* section for more information). ZIM fees may be negotiable. To the extent that clients' accounts are invested in mutual funds or ETFs, these funds pay a separate layer of management, trading, and administrative expenses.

Partnership management fees will be charged in arrears against the Capital Account of each investor and on a monthly basis at a rate of 1/12 of 1% (annual rate of 1%) of the net asset value of such Partner's Capital Account at the beginning of each monthly period.

ZIM may offer and institutional clients may participate in Zacks Advantage (please see Zacks Advantage disclosures above).

*Wholesale (Wrap Programs, Mutual Funds and ETF's)*

#### Wrap Programs (not sponsored by ZIM)

As described in the *Advisory Business* section, ZIM is a portfolio manager in a number of wrap fee programs. With respect to wrap fee programs, the wrap sponsors are typically ZIM's clients, unless a dual agreement has been signed with a participant. An annual fee is negotiated between ZIM and the wrap sponsor. Fees are paid quarterly to ZIM, from the wrap sponsor, via a check or wire. The total fee that participants will pay typically includes ZIM's management fee within the platform or program fee charged by the wrap sponsor. Under many of these platforms and programs, there are no separate commissions or transaction costs charged to participants. In addition, many of these platforms and programs do not charge separate administrative, custodial, or reporting fees. Such an all-inclusive or bundled fee structure is often otherwise referred to as a "wrap fee". Participants should carefully review the Disclosure Document(s) for each wrap fee program that they participate in, for complete details on the charges and fees clients will incur. Such additional Disclosure Documents, as applicable, will be provided by the wrap sponsor.

#### Mutual Funds and ETF's

Investors in mutual funds or ETFs (sub) advised by ZIM should refer to the applicable fund's prospectus for a description of the fees and expenses of the fund. Please refer to the *Client Referrals and Other Compensation Arrangement* section below for additional disclosures regarding mutual funds.

#### Index Services

The Zacks Index Services division of ZIM negotiates all fees on a case-by-case basis.

### **ZACKS FUNDS – QUALIFIED & INDIVIDUAL RETIREMENT ACCOUNTS**

All Zacks managed qualified and individual retirement accounts will receive a fee refund for the



account's proportional share of the net fees earned by managing the All-Cap Core Funds and Small-Cap Core ("Zacks Funds") from the inception of the investment in the Funds. Client's retirement account's share of the net fees we earn for managing the Zacks Funds will automatically be refunded to clients on a quarterly basis in arrears. The All-Cap Core Funds pay Zacks an investment advisory fee computed at the annual rate of .90%, respectively. However, under the terms of our investment advisory agreement, Zacks has agreed through March 31, 2021 to waive our fee and, if necessary, reimburse the Fund for certain expenses in order to limit both Funds' annual operating expenses to 1.65% of the Fund's average assets for Class A Shares. To the extent that Zacks waives our fees for managing the mutual fund, we are entitled to be reimbursed in the future if the fund's operating expenses are lower. Client refunds are calculated net of any such waivers, and if we are reimbursed for waived fees in future months that reimbursement is included in calculating the refund clients receive. The management fees payable to Zacks by the mutual fund are more fully described in the fund's prospectus and statement of additional information, copies of which are available on [www.zacksfunds.com](http://www.zacksfunds.com).

The account fees payable by individual client accounts are described above and, in the Fees, *and Compensation* section. Clients refunds for owning the Zacks Funds in a retirement account will typically be less than the account fee for the same period, and will be credited against the account management fee to the extent it can be determined in advance. If necessary, adjustments will be made in future quarters. The refund can only be applied to investment management fees that are paid out of retirement accounts.

We believe an investment in the Zacks Funds to be helpful in reducing the overall risk of client's portfolios as the funds attempts to generate returns in excess of their benchmark. There are no specific limits on our ability to use the Zacks Funds in your retirement account.

## **Performance Based Fees and Side-by-Side Management**

The Adviser maintains a performance-based fee arrangement with certain qualified clients. With respect to all performance fees charged, Adviser will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"). For qualified clients, the advisory fees charged are performance based and negotiated depending upon amount of assets being managed, number of years account is under management and the client's investment guidelines. Qualified clients or investors performance fees do not exceed 20% of the total return of the account during a 12-month period. Performance fees are either based on the total return or above the benchmark return measure against an index (i.e. T-Bill or Russell 2000).

Those clients paying a performance fee, after the first 12 months, are billed monthly at the end of the month, ½ of 1% of the value of the account as a draw against the 12-month performance fee. At the end of the 12-month period based on the performance, the client pays any unpaid balance due, or if the total of the three quarterly payments exceeds the amount due based on the performance for the year, the amount of the excess is returned to the client.

Performance based fees may create an incentive for the Adviser to make investment recommendations that are riskier or more speculative than would be the case in the absence of a performance fee. Further, the Adviser has an inherent conflict of interest to favor performance-based fee accounts so the Adviser can receive compensation. Adviser has adopted and implemented written compliance policies and procedures, codified in our compliance manual,

which generally address the above conflicts of interest. Further, the Adviser has a fiduciary duty to act in the best interests of clients.

## **Types of Clients**

ZIM primarily provides customized investment management services to individuals and associated trusts, estates, pension and profit-sharing plans, investment companies, public and private pooled investment vehicles, and other corporations or business entities. In addition, ZIM offers its strategies to a limited number of third-party brokerage firms, registered investment advisors and independent broker-dealers. ZIM calls this our Wholesaling business. In this business, ZIM is marketing its investment strategies directly to the institutions and their respective sales groups, who market for prospective participants.

Generally, each client that is charged a performance-based fee must represent and warrant that, as adjusted for inflation effective August 2021, either (a) the value of the client's account initially is at least \$1,100,000 or (b) the client's net worth, which may include assets held jointly with a spouse, is more than \$2.2 million. However, Adviser may accept clients with smaller accounts and/or lower net worth, but such clients will not be charged a performance-based fee.

To open a Wealth Management Program account, a client must place equity assets with a value of at least \$500,000. For individual fixed-income securities accounts, a client must place assets with a value of at least \$500,000. However, Adviser may accept clients with smaller accounts.

The minimum to open a Zacks Advantage account is \$5,000.

Interests in the partnerships are sold exclusively to qualified clients and accredited investors. Clients who are eligible to invest in the partnerships may be solicited to invest.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### *Methods of Analysis*

ZIM typically manages its investment strategies through the application of a hybrid research process, which uses both quantitative and qualitative criteria. ZIM uses proprietary models to quantitatively assess the attractiveness of a large universe of stocks based primarily on an analysis of changing patterns of multiple fundamental factors. The Adviser utilizes data from ZIR as a tool in managing portfolios. ZIM receives data from ZIR contemporaneously with subscribers to ZIR data. The Adviser provides wealth management services which utilizes an asset allocation model that employs the various strategies described below.

These methods of analysis are not applied in the Zacks Advantage program, given that it is primarily an automated asset allocation and rebalancing program.

### *Investment Strategies*

The Zacks Quantitative Strategy is designed to utilize the effectiveness of the Zacks proprietary stock ranking system (the Zacks Performance Rank), a quantitative stock ranking model based on earnings estimate revisions and earnings surprises. The Quantitative Strategy generally

purchases between 125 and 260 stocks the majority of which have an attractive Zacks Rank at the time of rebalance. The strategy is rebalanced periodically and generates more turnover than other strategies offered. The portfolio manager of the strategy has the ability to override the quantitative model and purchase lower ranked Zacks stocks as desired at any point in time. Additionally, the portfolio manager may change the rebalance frequency and bring the strategy to cash for defensive purposes. The objective of the Quantitative Strategy is to outperform the S&P 500 Index over a full market cycle.

The Zacks Focus Growth Strategy invests in a diversified group of stocks that Zacks believes will outperform the market over the next twelve months. The strategy primarily invests in growth-oriented stocks with a large cap bias. The Focus Growth Strategy makes use of a proprietary multi-factor model. The Strategy generally contains 50 to 100 stocks and is diversified across multiple sectors. The strategy makes use of an optimizer. The Benchmark for the strategy is the Russell 1000 Growth Index.

The Zacks Focus Growth ESG Strategy uses a systematic process with ESG integration in concentrated U.S. equity portfolios that target attractive levels of risk adjusted returns relative to the Russell 1000 Growth Index. The strategy primarily invests in growth-oriented stocks with a large cap bias. The Focus Growth ESG Strategy makes use of a proprietary multi-factor model. The Strategy generally contains 50 to 100 stocks and is diversified across multiple sectors. The strategy makes use of an optimizer. The Benchmark for the strategy is the Russell 1000 Growth Index.

The Zacks International Equity Strategy is invested in markets outside the U.S.A. and diversifies across nations to lower the overall risk and gain the benefit of an asset class with historically low correlations to the U.S. equity markets. The Strategy's tactical allocation provides exposure to both developed and emerging market nations, allowing for risk-controlled growth. The Strategy utilizes a number of country-specific ETFs to capture growth in foreign nations. The manager of the strategy may bring the strategy to cash or reduce emerging market exposure for defensive purposes.

The Zacks All-Cap Core Strategy generally consists of between 50 to 200 stocks that are selected based on a combination of qualitative decisions and a multi-factor model. The objective of the Zacks All-Cap Core Strategy is to provide risk-adjusted returns and diversification benefits relative to either the S&P 500 index or the Russell 3000 index. The Zacks Rank Strategy is diversified across sectors and market caps. The strategy may hold ETFs if desired by the portfolio manager.

The Zacks Dividend Strategy is designed to produce tax efficient returns from both capital appreciation and dividends. The strategy generally holds between 50 and 100 stocks believed to represent good fundamental value as determined by a proprietary multi-factor value model which includes dividend yield. The benchmark for the Strategy is the Russell 1000 Value Index. The strategy makes use of an optimizer.

The Zacks All Cap Core ESG Strategy uses a systematic process combining multi-factor alpha models, risk optimization and ESG integration in diversified U.S. equity portfolios targeting attractive levels of risk adjusted returns relative to the Russell 3000. The Zacks All-Cap Core ESG Strategy generally consists of between 50 to 200 stocks that are selected based on a

combination of qualitative decisions and a multi-factor model. The Zacks Rank ESG Strategy is diversified across sectors and market caps.

The Zacks Dividend ESG Strategy uses a systematic process with ESG integration in concentrated high yield U.S. equity portfolios that target attractive levels of risk adjusted returns relative to the Russell 1000 Value Index. The strategy generally holds between 50 and 100 stocks believed to represent good fundamental value as determined by a proprietary multi-factor value model which includes dividend yield. Adjustments are based on ESG consensus and ESG composite. The benchmark for the Strategy is the Russell 1000 Value Index. The strategy makes use of an optimizer.

The Zacks Fixed-Income Strategy is employed as a component in the allocation efforts for client accounts. The objective is to outperform the Barclays U.S. Aggregate Bond Index on a short, mid and long- term basis. A portfolio manager manages the Fixed Income strategy using a mix of corporate and government bonds through the purchase and sale of various Fixed-Income Exchange Traded Funds (ETF's).

The Zacks Energy Strategy selects positions within the energy sector that have favorable risk reward characteristics and reasonable P/E multiples relative to prior cycles.

The Zacks Preferred Income Strategy incorporates a blend of traditional preferred securities, trust preferred and third-party trust preferred securities which provide a high level of current income. The Preferred Income Strategy allows investors to capture yield and generate income. The strategy is managed qualitatively by a portfolio manager.

The Zacks All-Cap Core Fund's (CZOIX) primary objective is capital appreciation and secondarily it is to provide shareholders with income through dividends. The Fund is designed to be a "core" fund that seeks to combine both value and growth characteristics. Under normal circumstances, the Fund invests primarily in equity securities of U.S. issuers.

The Zacks Small Cap Core Fund's (ZSCIX) primary objective is capital appreciation. Under normal circumstances, the Fund will invest at least 80% of its net assets (including amounts borrowed for investment purposes) in a diversified portfolio of equity securities of small capitalization companies, with an emphasis on equity securities of U.S. issuers.

The Zacks Dividend Fund's (ZDIIX) primary objective is capital appreciation and dividend income. Under normal market conditions, the Fund will invest at least 80% of its net assets plus borrowings for investment purposes in equity securities of dividend paying companies organized or headquartered in the United States.

The Small-Cap Core Strategy objective is capital appreciation. It primarily invests in equity securities of small capitalization companies and seeks to outperform the Russell 2000 Index over the long term. Diversified portfolio of growth and/or value stocks receiving upward analyst estimate revisions is constructed using quantitative risk controls.

The Mid-Cap Strategy objective is capital appreciation. It primarily invests in equity securities of medium market capitalization companies and seeks to outperform the Russell Mid cap Index over the long term. Diversified portfolio of growth and/or value stocks receiving upward analyst

estimate revisions is constructed using quantitative risk controls.

Zacks Premier Select strategy objective is to outperform the Russell 3000 in companies with productive and positive earnings estimate revisions. The strategy utilizes the Zacks Performance Rank combined with a gross-probability factor.

The Zacks Global Tactical Strategy seeks to strategically invest in various asset classes. Zacks utilizes a quantitative model that seeks to identify asset classes poised to outperform, and avoid those poised to underperform. The goal of this approach is to limit drawdowns and generate returns in most market environments.

The Zacks Small-Cap Value strategy utilizes a propriety multi-factor model to screen stocks on quality and valuation. Each company within the investment universe is ranked relatively to their peers in each sector before an optimization process is applied to construct a portfolio. Portfolio managers analyze and monitor recommended lists of investments before implementation. The whole process follows a disciplined procedure which seeks to outperform the Russell 2000 Value Index with appropriate risk management.

The Zacks Small-Cap Growth strategy's universe for stock selection is the Russell 2000 Growth Index. The strategy utilizes a propriety multi-factor model, focused on quality and sustainable earnings growth. Each company within the universe is ranked based on the multi-factor model. A weighted average Z-score is assigned to each individual stock. An optimizer is then utilized to construct a portfolio. Finally, portfolio managers conduct a qualitative review before trade execution.

The Zacks Alpha Long/Short Strategy seeks to provide a risk-adjusted return with lower volatility and lower turnover than the Russell 2000 Index, by utilizing Zacks Indicator scoring along with Value Factor Analysis. The Strategy seeks to outperform the benchmark throughout various economic cycles.

The Zacks Advantage program uses asset allocations and ETF selection parameters determined by SIP. ZIM uses these SIP parameters to create customized investment strategies for clients that participate in the program. Each strategy consists of a diversified portfolio of Charles Schwab sponsored ETFs combined with SIP's sweep program which automatically deposits, or "sweeps," free credit balances to deposit accounts at Charles Schwab Bank. Each investment strategy is designed to be consistent with the client's investment objectives and risk tolerance. ZIM then uses the platform to monitor a client's portfolio daily and to automatically rebalance as needed to keep a client's portfolio consistent with their selected risk profile. Subject to additional requirements, certain clients may direct ZIM to employ a tax-loss harvesting strategy in managing taxable accounts. This means that once the tax-loss harvesting threshold is met, ZIM will sell ETFs in the client's account at a loss to offset potential capital gains, although the type and amount of capital gains will not be monitored by ZIM for this purpose.

The Zacks Earnings Consistent Portfolio ETF (the "Fund") seeks to provide long-term total returns and minimize capital loss. The Fund pursues its investment objective by constructing a portfolio of companies that exhibit a track record of moving through recessionary periods with little to minimal impact on aggregate earnings growth relative to the overall equity market. The Fund's portfolio is generally composed of 50-120 U.S. exchange-listed companies with the highest stability in their historic and forecasted earnings per share ("EPS"). The quantitative screens are combined with the qualitative judgment of the portfolio

manager based on an analysis of financial statement filing consistency, profitability, earnings stability in recessionary periods, valuation, and improving fundamentals.

Please see the *Other Financial Industry Activities and Affiliations* for a description of private fund investment strategies.

### *Risks*

All investing involves a risk of loss that clients should be prepared to bear. Identifying undervalued securities and other assets is difficult, and there are no assurances that Adviser's strategies for clients will succeed. Adviser cannot give any guarantee that it will achieve client investment objectives or that a client will receive a return on their investment. Other potentially material risks may include:

- *Equity Risk* - The risk that the value of the securities held by clients may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by clients participate, or factors relating to specific companies in which the Fund invests.
- *Risks of Mid-Cap and Small-Cap Companies* - The securities of small- or mid-cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger-sized companies or the market averages in general.
- *General Economic and Market Conditions* The success of the Firm's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, energy prices, commodity prices, national and international political circumstances (including government intervention in financial markets, wars, terrorist acts or security operations), natural disasters and regional, national and global health crises (for example the global outbreak of the coronavirus disease (COVID-19) in 2020). These factors may affect the level and volatility of securities prices and the liquidity of the Clients' investments. Volatility or illiquidity could impair the Clients' profitability or result in losses. The Firm's Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.
- *Foreign Investment Risk* - Investments in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers. Adverse political, economic or social developments could undermine the value of a client's investments or prevent the client from realizing the full value of investments.
- *Short Selling* - ZIM may include short selling in certain clients' portfolios. Short selling involves selling a security that the client does not own. The client borrows the security that is sold short in hopes of purchasing the security at a later price to repay the lender of the security. If a security that is sold short rises in price, the short seller will lose money. Because there is no limit on how much a security's price may rise, securities sold short are subject to unlimited risk of loss. Therefore, short selling could result in losses significantly higher than the original investment.
- *Frequent trading of securities increases costs* - The turnover rate within certain investment strategies may be significant, potentially involving negative tax implications and substantial brokerage commissions and fees.

- *Zacks Advantage* – This program offered through SWIA as sponsor is a robo-adviser program that relies on questionnaires completed by the client, and algorithms to provide investment advice. Potential limitations and material risks associated with the program include limited human involvement, reliance on clients to provide updated objective and risk information (particularly as the effectiveness of the SWIA algorithms is dependent on the accuracy of the information provided by the client), and potential errors in the algorithm program that could go undetected. Additional risks associated with the program are also disclosed in SWIA’s Disclosure Brochure/Appendix 1.
- *Tax* - Clients should consult with their personal tax advisors regarding the tax consequences of investing, and promptly provide in writing any relevant instructions to ZIM (e.g., upon termination, do not sell securities). Securities transactions ZIM may implement for new and liquidating accounts, and clients of Zacks Advantage, may create tax liabilities. Clients should obtain tax advice, which (notwithstanding any tax harvesting component of Zacks Advantage) is advice outside the scope of the services ZIM provides, and may be necessary to minimize the impact of tax liabilities a client could incur.
- *Cybersecurity Risk* - ZIM and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Such damage or interruptions to information technology systems could cause losses to Clients by interfering with the processing of transactions. A cybersecurity breach could expose both the Clients and ZIM (which, in certain circumstances, will be entitled to indemnity from the Clients) to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from a Fund. Clients and investors could also be exposed to losses resulting from unauthorized use of personal information. The Firm permits, and in response to the spread of COVID-19 has at times required, personnel to work remotely. As a result of working remotely, such personnel rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, which results in ZIM being more exposed to potential cybersecurity incidents and cyberattacks. While the Firm has implemented various measures to manage risks associated with cybersecurity breaches, including establishing business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which the Clients invest and service providers utilized by ZIM and its Clients, which could affect their business and financial performance, resulting in material adverse consequences for such issuers and/or service providers.

## **Disciplinary Information**

ZIM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

### *LBMZ Securities, Inc.*

ZIM is affiliated with LBMZ Securities, Inc., a broker-dealer that is registered with FINRA. Messrs. Greg Murphy and Frank Lanza are management persons that are registered representatives of LBMZ Securities, Inc. ZIM does not utilize LBMZ Securities, Inc. for any of its clients trading activity in individual stocks or bonds.

### *Zacks Investment Research*

As previously mentioned, ZIR wholly owns ZIM. ZIR is a provider of market data services over the Internet and other media. ZIR engages in various ecommerce activities, including the sale of full-text brokerage research reports, investment newsletters and other investment publications over its web site and the web sites of its investor network. The Adviser utilizes data from ZIR as a tool in managing portfolios. Mr. Len Zacks spends the majority of his time carrying out his duties for ZIR. Len provides executive management along with direction and oversight for ZIM.

### *Limited Partnerships*

ZIR, the parent company of Adviser, among other business activities, serves as General Partner of, Zacks Strategies II, Limited Partnership ("ZSII"), and Zacks Panther Fund LP ("ZPF"). Adviser assists the partnerships in making investment decisions for the partnerships and receives compensation for its services from the partnerships.

ZLP seeks to achieve total investment return for its partners principally through active trading of large cap common stocks. Stocks are selected for investment based upon the Zacks Indicator, a proprietary fundamental model monitoring earnings estimate revisions and deviations between projected and actual reported quarterly earnings. Stocks may be bought or sold short to take advantage of expected price fluctuations due to estimate revisions and differences between projected and actual earnings of the companies.

ZSII seeks to achieve total investment return for its partners principally through active trading of common stocks issued by companies that appear on the Russell 3000 Index (i.e., large, mid and small cap stocks) and/or the Russell 2000 Index (i.e., small cap stocks). Depending on the partnership class, ZSII uses either a market neutral strategy or a long strategy. Stocks are selected for investment based upon the Zacks Indicator, a proprietary fundamental model monitoring earnings estimate revisions and deviations between projected and actual reported quarterly earnings. Stocks may be bought or sold short to take advantage of expected price fluctuations due to estimate revisions and differences between projected and actual earnings of the companies.



ZPF seeks to consistently achieve risk-adjusted returns in excess of the U.S. equity securities markets. The principal trading approaches implemented by the Investment Manager generally will include equity long/short, in addition to arbitrage strategies, which may include, without limitation, merger arbitrage, event-driven arbitrage, capital structure arbitrage and options arbitrage. When reviewing a qualified advisory client's investment objectives, Adviser may recommend an investment in ZLP and ZSII, or a transfer of capital from an individually managed account into one or both of the partnerships. At that time, Adviser explains in writing and discusses with the client the differences in the investment process and risk profile between an individually managed account and the partnerships.

Possible changes in fees and expenses are explained and the client is furnished with a copy of the Offering Memorandum of the partnership being recommended by Adviser. Adviser may purchase securities for clients that are also purchased for the Zacks Limited Partnership and/or the Zacks Strategies II, Limited Partnership. Certain individuals and/or entities (i.e. ZIR) related to Adviser may be limited partners in one or both partnerships. ZIM has a conflict of interest to favor the Private Funds over other client accounts since ZIM has the ability to earn incentive fees and ZIR has an ownership interest in the Private Funds. For additional disclosures with respect to performance-based fees, please refer to the *Performance Based Fees and Side-by-Side Management* section above.

#### Zacks & Associates, LLC

Zacks and Associates, LLC is an independently organized affiliate of ZIM that will offer estate planning and accounting services. As appropriate, ZIM professionals may refer clients to their affiliate for estate planning and accounting services. Accounting and estate planning are not investment advisory services from ZIM and clients are not obligated to engage Zacks & Associates. Please be advised there is a conflict of interest in that the firm has an economic incentive to recommend Zacks & Associates. In order to mitigate this conflict ZIM will disclose conflicts of interest to ZIM clients before a client purchases Zacks & Associates services. Further, ZIM's policy is to act in the best interest of its clients.

Please refer to the *Client Referrals and Other Compensation* sections for additional disclosures about ZIM's affiliates.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### CODE OF ETHICS

Adviser has adopted a Code of Ethics (the "Code") in accordance with the Advisers Act, which includes written procedures governing the conduct of Adviser, certain officers and managers, as well as other advisory persons, investment personnel and access persons of Adviser. To mitigate risks and potential conflicts involving personal trades, the Adviser's Code includes a personal securities and insider trading policies and procedures. The Adviser's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Zacks above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Mitigate any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession; Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Adviser's Code requires access persons to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Adviser with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest. ZIM prohibits access persons from trading in individual stocks. Trades in government securities, open ended mutual funds and certain ETFs are permitted; also, transactions in "grandfathered" securities (prior to August 1, 2009) and other extraordinary trading in individual stocks are permitted with the prior written approval of the CCO, who actively monitors these limited trades.

In addition to the foregoing, the Code also imposes certain reporting obligations upon access persons. The Code and applicable securities transactions are monitored by Adviser's Chief Compliance Officer. Upon request, a copy of the Code will be provided to any (prospective) client or investor.

Certain of ZIM's separately managed account clients may invest a portion of their assets in a mutual fund(s) sub-advised by ZIM in order to obtain exposure to specific investment strategies offered by the Adviser. This presents a conflict of interest since ZIM collects two layers of management fees; a management fee for the separate account and a management fee for the mutual fund. ZIM has adopted and implemented written compliance policies and procedures, codified in our compliance manual, which are designed to mitigate ZIM's risks and conflicts. Further, ZIM has a fiduciary duty to act in the best interests of clients.

Please refer to the *Other Financial Industry Activities and Affiliations* and *Client Referrals and Other Compensation* sections for additional disclosures about ZIM's affiliates.

## Brokerage Practices

Subject to the conditions for managing accounts, Institutional clients may designate any broker-dealer through whom the client's transactions are to be executed.

Adviser may execute brokerage transactions through brokers or dealers who also provide it with statistical, research and other information or services that enhance its investment research and portfolio management capability generally, including FOLIO, Schwab, Fidelity, and Goldman Sachs, among others. Research received from brokers or dealers may be proprietary or from a third-party. However, no brokerage transactions shall be executed directly or indirectly through LBMZ Securities, Inc., an affiliated broker-dealer for retail clients. Further, ZIM does not enter into formal "soft dollar" arrangements with brokerage firms with respect to research or any other products or services. The commission paid to any broker may be in excess of the commission another broker would charge for the same transaction. Such research and other services, moreover, may be available to Adviser on a cash basis. When ZIM uses *client* brokerage commissions (directly or indirectly) to obtain research or other products or services, it receives a benefit because ZIM does not have to produce or pay for the research, products or services. Further, an adviser may inherently have an incentive to select or recommend a broker-dealer based on the adviser's interest in receiving research or other products or services, rather than on *clients'* interest in receiving most favorable execution. Research and brokerage services furnished by brokers or dealers will generally be used in connection with all client accounts, although not all such services may be used in connection with any particular account that paid commissions to the brokers providing such services. In an effort to mitigate ZIM's risks and conflicts, and to comply with federal regulations, ZIM periodically conducts reviews of its ability to seek best execution. Further, ZIM periodically determines in good faith whether the amount of the commission is reasonable in relation to the value of the broker and research services provided by the broker, viewed in terms of either that particular transaction or its overall responsibilities to all of its clients, including consideration of relative equitable treatment of all its clients.

Adviser's policy is to allocate, place, and execute clients' securities transactions in a fair and equitable manner. Adviser has a policy of aggregating trades for client accounts in the same security if or when it is possible to do so. Aggregated orders may include transactions for registered investment companies, employee benefit plans and private investment vehicles (e.g. limited partnerships or limited liability companies) in which Adviser's principals or employees are among the investors. To ensure the fair aggregation and allocation of securities purchased for all client accounts, accounts in which principals or employees have a beneficial interest are not given favorable treatment. All clients receive the average execution price for each bunched order. For client accounts that use BTIG/Goldman Sachs as their prime broker-dealer, the accounts receive a pro rata allocation of the total transaction cost. Instances in which client securities orders will not be aggregated include, but are not limited to, the following: legal, regulatory, cash availability, client-directed brokerage, different investment platforms (e.g., wrap accounts are generally aggregated by platform, wrap accounts are not aggregated with Retail Wealth Management accounts), or other administrative reasons. The primary cost associated when ZIM is unable to aggregate orders is that clients may receive differing execution prices for securities transactions. In situations where a bunched order is only partially filled by the executing broker-dealer, Adviser allocates the order to all participating accounts on a pro rata basis.

To the extent a client directs brokerage transactions to a particular or preferred broker or dealer,

there may be limitations on Adviser's ability to negotiate commissions, obtain volume discounts, aggregate client orders and obtain execution of transactions as efficiently as possible and at the best price. Under these circumstances a disparity of commission charges may exist between the commissions charged to Adviser's other clients.

Transactions for each strategy may be completed independently. As such, there may be circumstances under which Adviser deems it appropriate to cause one of its advisory clients to sell a security and another of its advisory clients to purchase the security on the same day. Further, at times, a security may be held in more than one strategy. For example, an energy stock may be held in the Zacks Energy Strategy and Zacks Rank Strategy.

ZIM Wrap Program Clients - ZIM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Schwab, a registered broker-dealer, member SIPC, to maintain custody of clients' assets. With respect to ZIM Wrap Programs at Fidelity and Folio, ZIM may recommend that clients establish brokerage accounts with Fidelity and Folio's respective broker-dealer to maintain custody of client assets. The final decision to custody assets with Schwab, Folio, or Fidelity and direct brokerage to Schwab, Folio, or Fidelity is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. ZIM is independently owned and operated and not affiliated with Schwab, Folio, or Fidelity. Schwab, Folio, and Fidelity provide ZIM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis. Schwab, Folio, and Fidelity's services may include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab, Fidelity, and Folio also make available to ZIM other products and services that benefit ZIM but may not benefit its clients' accounts. These benefits may include national, regional or ZIM specific educational events organized and/or sponsored by Schwab Institutional or Fidelity. Other potential benefits may include occasional business entertainment of personnel of ZIM personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist ZIM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of ZIM's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of ZIM's accounts, including accounts not maintained at Schwab Institutional, Fidelity, or Folio. Schwab Institutional and Fidelity also makes available to ZIM other services intended to help ZIM manage and further develop its consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. While, as a fiduciary, ZIM endeavors to act in its clients' best interests, ZIM's recommendation that clients maintain their assets in accounts at Schwab, Fidelity, or Folio may be based in part on the benefit to ZIM of the availability of some

of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, Fidelity, or Folio, which creates a conflict of interest. ZIM Wrap Program clients may also refer to: 1) directed brokerage disclosures above in this *Brokerage Practices* section; 2) the *Services, Fees and Compensation* section below in Appendix 1 of Form ADV Part 2A, and; 3) the client's advisory agreement with ZIM for more information about the ZIM Wrap Programs, the limitations of directing brokerage, and mitigating conflicts of interest.

Securities transactions at Folio have differences from Fidelity and Schwab. In contrast to Fidelity and Schwab, Folio, as a broker typically purchases large blocks of shares according to a common model and then fractionalizes the trades and deposits shares in clients' accounts. This different approach by Folio allows for (1) fractional share accounting, which may result in less slippage of performance compared to the model accounts; (2) potentially better transaction costs due to the internal crossing that occurs during the windows of trading employed by Folio; and (3) trading in the ZIM's Quantitative Strategy which is unable to be traded in the other wrap programs due to the number of positions (approximately 300) in the Quantitative Strategy. Folio has limitations, which may negatively impact a client's brokerage transactions and account. First, the trades on Folio may be only made during two daily windows, which restrict trading opportunities and may result in less attractive prices than the continuous trading day transactions afforded on Schwab, Fidelity, or other broker platforms. On any given day, the actual prices obtained for a given securities transaction through the Folio process may be higher, or lower, than the prices obtained through trading on the Schwab or Fidelity platforms, in large part dependent upon the exact timing of the respective transactions and the aggregated volume of trades. Please see ZIM's Appendix 1 for additional information about Folio, Fidelity, and Schwab.

## **Review of Accounts**

Each client account is monitored on an ongoing basis by the client's IC or RVP (i.e., a ZIM Investment Consultant). ZIM Investment Consultants generally review clients' accounts on a quarterly basis. During each quarterly review, the ZIM Investment Consultant should determine if any circumstances in the client's life requires their allocation to be changed. Circumstances that would trigger a reevaluation of a client's portfolio may include, but are not limited to: retirement, loss of employment, change in income, marriage, birth of a child or a child entering college. If circumstance arises that prompts an allocation review, the ZIM Investment Consultant submits that account to a member of the Investment Committee to consider a change in the allocation.

The securities broker-dealer, through whom a client's transactions are executed, sends or delivers in written electronic format, to the client a confirmation of each transaction. The broker-dealer also sends the client a written monthly statement of the account showing all transactions during the month and the month-end position in either physically printed or electronic format. ZIM sends written client quarterly performance reports approximately a month after the quarter end.

## **Client Referrals and Other Compensation**

Adviser and/or affiliated entities have relationships with investment products that Adviser may place client assets into and receive additional compensation. 1) The Zacks All-Cap Core Fund (Ticker Symbol: CZOVX) is advised by Zacks Investment Management and Zacks Investment Management will receive additional compensation, including management fees, and may receive other compensation for any assets placed into this Fund. 2) The Invesco Zacks Multi-Asset Income ETF (Ticker Symbol: CVY) is based upon an index that an affiliate of Zacks Investment

Management, Inc. has constructed and licensed for use by Invesco. Our affiliate, Zacks Investment Research, Inc., receives compensation from Invesco pursuant to the license agreement between Invesco and Zacks Investment Research, Inc. 3) The Invesco Zacks Mid-Cap Core ETF (Ticker Symbol: CZA) is based upon an index that an affiliate of Zacks Investment Management, Inc. has constructed and licensed for use by Invesco. 4) The Zacks Small Cap-Core Fund (Ticker Symbols: ZSCCX, ZSCIX) is advised by Zacks Investment Management and Zacks Investment Management will receive additional compensation, including management fees, and may receive other compensation for any assets placed into this Fund. 5) The Zacks Dividend Fund (Ticker Symbols: ZDIVX, ZDIIX) is advised by Zacks Investment Management and Zacks Investment Management will receive additional compensation, including management fees, and may receive other compensation for any assets placed into this Fund. 6) The Zacks Earnings Consistent Portfolio ETF (Ticker Symbol: ZCEP) is advised by Zacks Investment Management and Zacks Investment Management will receive additional compensation, including management fees, and may receive other compensation for any assets placed into this Fund.

As a result, in certain instances there may be layering of fees where Zacks Investment Management or its affiliates receive additional compensation; clients must be aware that there are cheaper alternatives available. Clients have an option to purchase investment products (i.e. mutual funds) we recommend through other brokers or agents not affiliated with ZIM. ZIM and ZIR employees have a conflict of interest to recommend affiliated investment products over unaffiliated products in cases where additional compensation is received by ZIM, employees, and/or Zacks' affiliates. ZIM has adopted and implemented written compliance policies and procedures, codified in our compliance manual, which are designed to mitigate ZIM's risks and conflicts. Further, ZIM has a fiduciary duty to act in the best interests of clients.

Zacks Investment Management, Inc. may refer clients or prospects to professional service providers, such as CPA's, attorneys, tax experts, or others who pay a fee to Zacks Investment Management. Zacks Investment Management, Inc. may enter into compensation arrangements with solicitors for new business. Any soliciting arrangements will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940 pursuant to which persons introducing new client accounts to Zacks Investment Management, Inc. may receive a portion of the advisory fee generated by the account for a period of time that varies on a case-by-case basis.

ZIM Investment Consultants may receive a portion of a client's management fees per the consultant's arrangement with the Adviser or its affiliate.

***Participation in Fidelity Wealth Advisor Solutions®.*** Zacks Investment Management, Inc. participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Zacks Investment Management, Inc. receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. Zacks Investment Management, Inc. is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Zacks Investment Management, Inc., and FPWA has no responsibility or oversight for Advisor's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Zacks Investment Management, Inc., and Zacks Investment Management, Inc. pays referral fees to FPWA for each referral received based on

Advisor's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Zacks Investment Management, Inc. does not constitute a recommendation or endorsement by FPWA of Advisor's particular investment management services or strategies. More specifically, Zacks Investment Management, Inc. pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Zacks Investment Management, Inc. has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by Zacks Investment Management, Inc. and not the client.

To receive referrals from the WAS Program, Zacks Investment Management, Inc. must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Zacks Investment Management, Inc. may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Zacks Investment Management, Inc. as part of the WAS Program. Under an agreement with FPWA, Zacks Investment Management, Inc. has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Zacks Investment Management, Inc. has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when Advisor's fiduciary duties would so require, and Advisor has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, Zacks Investment Management, Inc. may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Advisor's duty to select brokers on the basis of best execution.

## **Custody**

All client assets are held in custody by unaffiliated broker/dealers or banks. Under Rule 206(4)-2 under the Advisers Act, we are deemed to have custody of your assets if you authorize us to instruct the custodian to deduct our advisory fees directly from your account. For such accounts, account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by ZIM.

ZIM may have access to the Partnerships' assets since ZIR serves as the General Partner of the Partnerships. Limited partners of the Partnerships will not receive statements from the custodian. Instead, each Partnership is subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Partnership's fiscal year end.

## **Investment Discretion**

For the majority of client accounts, ZIM has accepted full discretionary authority (as documented in investment management agreements) to sell, purchase, exchange, trade in or generally to invest and reinvest all assets at any time held in a client's account. ZIM is not limited in this authority except to the extent the investment management agreement and/or client has established specific guidelines and/or prohibitions with respect to its investment account and specific securities.

## **Voting Client Securities**

ZIM often has voting power with respect to securities in client accounts. ZIM has adopted a proxy voting policy and procedures (the "Proxy Policy") with respect to the voting of proxies received for client accounts for which ZIM has proxy voting authority. Advisor utilizes Broadridge for the execution and recordkeeping of ZIM's proxy voting.

Under the Proxy Policy, ZIM monitors corporate events and votes the proxies in a manner that it deems consistent with the best interests of its clients. The Proxy Policy provides for the process by which proxy voting decisions are made, the identification and handling of material conflicts of interest, disclosing the Proxy Policy to clients, maintaining appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals.

As a general rule, ZIM will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with the proxy voting guidelines set forth in the Proxy Policy, unless a client specifically instructs ZIM in writing to vote such client's securities otherwise. One such instruction example requires ZIM to vote against all matters that might negatively impact rights or benefits for members of organized labor (i.e. Taft Hartley). In ZLS, ZSII, and ZLP, ZIM splits up proxy voting guidelines according to the percentage of ownership held by Taft Hartley investors and all other investors. For example, if Taft-Hartley investors make up 20% of a fund, ZIM anticipates voting 20% of proxies according to Taft-Hartley instructions, and the remaining 80% of proxies according to the Adviser's guidelines in the Proxy Policy.

For separately managed accounts with FOLIOfn, the client will reserve and retain the right to vote by proxy securities held in the Account; ZIM does not vote proxies for these accounts. Clients custodied at FOLIOfn are provided electronic access through a FOLIOfn website that allows clients to view and vote proxies. If a client has questions about a particular solicitation, the Client may contact Frank Lanza at 312-265-9359.

Notwithstanding anything in the Proxy Policy, ZIM places priority on investment returns over corporate governance correctness. Accordingly, when economic considerations or extraordinary circumstances warrant, ZIM may make exceptions to the proxy voting guidelines or, as ZIM deems to be in the best interests of clients, intentionally refrain from voting a proxy or sell the security.

Clients may, without charge, request a copy of the Proxy Policy or information about how ZIM voted proxies relating to securities held in their accounts by contacting Mari Cervantes by e-mail at [mcervantes@zacks.com](mailto:mcervantes@zacks.com), by facsimile at 312-265-9537, or by mail c/o Zacks Investment Management, Inc., 10 South Riverside Plaza, Suite 1600, Chicago, IL 60606.



## Financial Information

ZIM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

## PRIVACY NOTICE

Zacks Investment Management, Inc. is committed to protecting the confidentiality and security of the nonpublic personal information we collect about you to provide you with investment advisory services. This Privacy Notice describes certain steps we have taken to ensure the privacy of information of individuals protected by Regulation S-P, issued by the United States Securities and Exchange Commission. Our privacy policies and practices are designed to protect individuals who use our services primarily for personal, family, or household purposes.

**What Information Do We Collect?** —We limit the collection and use of information to the minimum we require to provide service to your account. Such service includes maintaining your account with us, processing transactions and administering our business. We collect the following kinds of information about you: identifying information (such as name, address and social security number), application information (such as net worth or annual net income), and transaction information (such as securities positions, account performance, and account fees). Identifying and application information is obtained directly from you or your financial advisor or broker when you apply for an account. Transaction information is tracked by us in the process of administering your account.

**What Information Do We Disclose?** —We do not sell your nonpublic personal information to anyone and we do not disclose such information to anyone except as permitted or required by law. We may disclose any information we collect to third parties permitted by law as needed to service your account, such as custodians, brokers, accountants, attorneys, or other professionals and regulatory or law enforcement agencies. Even if you are no longer a client, our privacy policies and practices will continue to apply to you.

**How Do We Protect Information?** —Our employees are required to protect the confidentiality of your information and to comply with our privacy policies and practices. They may access information only when there is an appropriate reason to do so, such as to administer our services. Employees who violate our privacy policies and practices are subject to disciplinary process. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

**Revised Privacy Policies and Practices.** We reserve the right to revise our privacy policies and practices, but we will not disclose your personal nonpublic information, except as required or permitted by law, without giving you an opportunity to direct us not to disclose such information.

**Zacks Investment Management, Inc.  
ERISA 408(b)(2) Fee Disclosure Notice**

Zacks Investment Management, Inc. is providing you with this notice in compliance with the Department of Labor regulations under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended, (ERISA), to disclose information about the services we provide and the compensation we receive for such services. This statement is intended to be read in conjunction with our Form ADV Part 2A (available at <http://www.adviserinfo.sec.gov>) and the 408(b)(2) fee disclosure notice for Zacks clients, and your client agreement.

**Description of Services**

A general description of the investment advisory and other services that we provide can be found under the subsection entitled —Advisory Business in Form ADV Part 2A.

**Service Provider’s Status**

Zacks Investment Management provides services as a registered investment adviser under the Investment Advisers Act of 1940, and as a fiduciary under ERISA section 3(21). For further information please see your client agreement.

**Compensation**

**Direct Compensation –**

For a description of the fee, we receive from clients can be found in the applicable client agreement and Zacks ADV 2A.

**Indirect Compensation –**

We receive the following types of indirect compensation in connection with the services we provide through the programs:

- **Soft dollars:** None
- **Affiliated products:** None
- **Gifts and gratuities:** None

***Compensation Paid Among Related Parties:*** None

***Compensation for Termination of Your Account:*** We do not receive a termination fee or apply a penalty when your account’s enrollment in the Program is terminated.

**Zacks Investment Management, Inc.  
ERISA 408(b)(2) Fee Disclosure Notice for CitiGroup Unified Managed Account (“UMA”) and CitiGroup Programs**

Zacks Investment Management, Inc. are providing you with this notice in compliance with the Department of Labor regulations under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended, (ERISA), to disclose information about the services we provide through the UMA programs, as applicable, (each, a program) and the compensation we receive for such services. This statement is intended to be read in conjunction with our Form ADV Part 2A

(available at <http://www.adviserinfo.sec.gov>) and the 408(b)(2) fee disclosure notice of Citigroup, and your client agreement, and applicable program Form ADV brochure.

### **Description of Services**

A general description of the investment advisory and other services that we provide through each program can be found under the subsection entitled —Description of Advisory Business. For more information regarding the services and the styles we offer, please review the Wrap Programs in our Form ADV Part 2A.

### **Service Provider's Status**

Zacks Investment Management provides services as a registered investment adviser under the Investment Advisers Act of 1940, and as a fiduciary under ERISA section 3(21). For further information please see your client agreement.

### **Compensation**

#### **Direct Compensation –**

We do not receive direct compensation from your plan for the services we provide through each program. Our fee is paid by CitiGroup, or an affiliate thereof. For information about direct compensation Citigroup receives in connection with the programs, please see Citigroup's 408(b)(2) fee disclosure notice for the applicable program.

#### **Indirect Compensation –**

We receive the following types of indirect compensation in connection with the services we provide through the programs:

#### **Our fee:**

For a description of the fee, we receive from CitiGroup in connection with the services we provide through the programs, please refer to the applicable CitiGroup client agreement and the applicable program brochure. For our fees payable under the UMA program, please refer to the section —Your Account Fee in the UMA client agreement, the section —Account Fees in the UMA brochure, and the —Supplement to the Brochure part of the UMA brochure. For our fees payable under the UMA program, please refer to the section —Fees in the client agreement and the section —UMA Fee in the UMA brochure.

- **Soft dollars:** None
- **Affiliated products:** None
- **Gifts and gratuities:** None

***Compensation Paid Among Related Parties:*** None

***Compensation for Termination of Your Account:*** We do not receive a termination fee or apply a penalty when your account's enrollment in the Program is terminated.

## **Zacks Investment Management ERISA 408(b)(2) Fee Disclosure Notice for the Merrill Lynch Investment Advisory Program**

Zacks Investment Management (“we”/“us”/“our”) are providing you with this notice in compliance with the Department of Labor regulations under section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), to disclose information about the services we provide through the Program, and the compensation we receive for such services. This statement is intended to be read in conjunction with our Form ADV Part 2A (available at <http://www.adviserinfo.sec.gov>) and the 408(b)(2) fee disclosure notice of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Managed Account Advisors LLC (collectively, “Merrill Lynch”), the applicable client agreement, and the Program Form ADV brochure (“Program Brochure”).

### **Description of Services**

A general description of the investment advisory and other services that we provide through the Program can be found under the section entitled “Detailed Description of Services”, and the subsection(s) relating to strategies including Style Manager strategies, and related sections in the Program Brochure regarding services to be provided by Style Managers, as well as the style profiles applicable to the strategy in which your plan participates. For more information regarding the services and the styles we offer, please review the Advisory Business section in our Form ADV Part 2.

### **Service Provider’s Status**

Zacks Investment Management provides services as a registered investment adviser under the Investment Advisers Act of 1940, and as a fiduciary under ERISA section 3(21). For further information, please see your client agreement.

### **Compensation**

#### ***Direct Compensation –***

We do not receive direct compensation from your plan for the services we provide through the Program. Our fee is paid by Merrill Lynch, or an affiliate thereof. For information about direct compensation Merrill Lynch receives in connection with the Program, please see Merrill Lynch’s 408(b)(2) fee disclosure notice for the Program.

#### ***Indirect Compensation –***

We receive the following types of indirect compensation in connection with the services we provide through the Program:

- **Our fee:**

For a description of the fee we receive from Merrill Lynch in connection with the services we provide through the Program, please refer to the “Your Fees and Expenses” or similar section in the Program client agreement and the “Program Fees” or similar section in the Program Brochure:

Other Fees:

- **Soft dollars:** None
- **Affiliated products:** None
- **Gifts and gratuities:** None

***Compensation Paid Among Related Parties:*** None

***Compensation for Termination of Your Account:*** We do not receive a termination fee or apply a penalty when your account’s enrollment in the Program is terminated.

# Zacks Investment Management, Inc. Part 2A of Form ADV – Appendix 1 The Wrap Fee Program Brochure

10 South Riverside Plaza, Suite 1600  
Chicago, IL 60606  
<http://www.zacksim.com/>

Updated: May 2023

This wrap fee program brochure provides information about the qualifications and business practices of Zacks Investment Management, Inc. (“ZIM” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 312-265-9359. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## Material Changes

ZIM is required to identify and discuss any material changes to Appendix 1 of our Brochure since its last annual amendment in May 2022. ZIM updated its principal office address in April 2023. ZIM has not made any other material changes in its May 2023 update of this Brochure.

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## Services, Fees and Compensation

ZIM has entered into written business agreements with Charles Schwab & Co. (“Schwab”), FOLIOfn (“Folio”), and National Financial Services, LLC (“Fidelity”). Through these relationships, Schwab, Folio, and Fidelity provide trading and custody services to ZIM Retail Wealth Management Program clients that direct brokerage and custody services to them, and ZIM provides advisory services to clients (individually a “ZIM Wrap Program” and collectively the “ZIM Wrap Programs”). With limited exceptions described below, clients in a ZIM Wrap Program pay one “wrapped” fee for services provided, which may result in the ZIM Wrap Program meeting the technical definition of a wrap fee program. As a result of the ZIM Wrap Programs meeting the technical definition of a wrap fee program, and because ZIM may be viewed as administering the ZIM Wrap Program, ZIM has completed and filed this Appendix 1.

Clients in each of the ZIM Wrap Programs sign an advisory agreement with ZIM, and in the agreement the client directs custody of the account and brokerage transactions to Schwab, Folio, or Fidelity. Clients in the ZIM Wrap Program pay one "wrapped" advisory fee to ZIM based on the assets under management. This fee covers ZIM's advisory services, and also covers custody, execution, clearing, and other services provided by Schwab, Folio, and Fidelity (please refer to Item 12 in Form ADV Part 2A above for additional disclosures about brokerage and trading). Further, the fee covers trade order management and client reporting services provided by Portfolio Pathway ("Portfolio Pathway "). However, in lieu of ZIM Wrap Program clients directly paying Schwab, Folio, Fidelity or Portfolio Pathway, ZIM pays these entities fees using a portion of the advisory fee received from clients in the ZIM Wrap Program. Pursuant to agreements signed with ZIM, Schwab, Folio, Fidelity, and Portfolio Pathway receive a fixed percentage of client assets under management in the program, and ZIM receives approximately seventy-five to ninety

percent of the total advisory fees paid. While ZIM views the ZIM Wrap Programs to be comparable to directed brokerage relationships, the compensation structure described above appears to classify each of the ZIM Wrap Programs as a “wrap fee program”, which the glossary to Form ADV defines as “an advisory program under which a specified fee or fees are not based directly upon transactions in a client’s account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.” ZIM will provide all portfolio management services for clients that engage ZIM as an advisor and direct ZIM to custody assets and execute transactions at Schwab, Folio, and Fidelity. The ZIM Wrap Programs may cost the client more or less than purchasing such services separately, depending on various factors, including the amount of trading activity in a client’s account(s), the transaction costs of trading, custodial costs, and client reporting costs. In the event that ZIM is required to pay to Schwab, Folio, and Fidelity, the transaction/execution costs associated with client securities transactions, a disincentive to trade securities may be presented. Clients should refer to Item 12 in Form ADV Part 2A (which is attached) for additional disclosures with respect to the ZIM Wrap Programs and the limitations of directing brokerage.

Clients in a ZIM Wrap Program will pay advisory fees according to the schedule below. All clients with Retail Wealth Management Program accounts that have been opened as of February 26, 2004 pay the following annual Assets Under Management Fees, which are deducted quarterly in advance or arrears depending on a client’s agreement, based on the average assets under management in the client’s account at the end of each calendar quarter. The fees for a limited number of individual accounts may differ from this schedule.

- 1.8% if assets under management are less than \$200,000
- 1.6% if assets under management are between \$200,000 and \$400,000
- 1.4% if assets under management are between \$400,000 and \$600,000
- 1.2% if assets under management are between \$600,000 and \$1,000,000
- 1.0% if assets under management are between \$1,000,000 and \$3,000,000
- 0.8% if assets under management are over \$3,000,000

All clients with Retail Wealth Management Program accounts that are opened effective February 27, 2004 and later pay the following annual Assets Under Management Fees, which are payable quarterly in advance based on the market value of the client’s account on the last business day of the previous calendar quarter.

- 1.80% if assets under management are up to \$500,000
- 1.65% if assets under management are between \$500,000 and \$1,000,000
- 1.50% if assets under management are between \$1,000,000 and \$1,500,000
- 1.45% if assets under management are between \$1,500,000 and \$2,000,000
- 1.35% if assets under management are between \$2,000,000 and \$2,500,000
- 1.30% if assets under management are between \$2,500,000 and \$3,000,000
- 1.25% if assets under management are between \$3,000,000 and \$3,500,000
- 1.20% if assets under management are between \$3,500,000 and \$4,000,000
- 1.15% if assets under management are between \$4,000,000 and \$4,500,000
- 1.10% if assets under management are between \$4,500,000 and \$5,000,000

1.05% if assets under management are between \$5,000,000 and \$10,000,000  
1.00% if assets under management are greater than \$10,000,000

As disclosed in Item 5 of Form ADV Part 2A, clients in the Folio program may pay ZIM an annual, fixed, non-refundable account administration fee of \$495 per client account, for an account with over \$50,000. For accounts between \$20,000 and \$50,000 in assets, the fee is \$295 per client account; for client accounts under \$20,000, the fee is zero. If ZIM initiates non-window trades in its Folio account, incurs margin debt, or executes other selected transactions, the client may be charged a fee by Folio. Clients that have their assets held at Folio are entitled to have up to twenty different strategies in their account. If the client holds more than ten portfolios, the client pays a non-refundable fee of \$50 per year to Folio for each additional account. Clients should be aware that cheaper alternatives are available.

Fees in the ZIM Wrap Programs may be negotiable, subject to ZIM's discretion and approval. To the extent that ZIM Wrap Program client accounts are invested in mutual funds or exchange-traded funds ("ETFs"), these funds charge a separate layer of management, trading, and administrative expenses. ZIM Wrap Program clients invested in mutual funds or ETFs should refer to the applicable fund's prospectus for a description of the fees and expenses of the fund. In certain instances (i.e. investment in an affiliated mutual fund or ETF) there may be layering of fees where ZIM or its affiliates receive additional compensation; clients must be aware that there are cheaper alternatives available. Clients can purchase affiliated or unaffiliated investment products (i.e. mutual funds) we recommend through other brokers, agents, or programs not affiliated with ZIM. ZIM and ZIR (employees) have a conflict of interest to recommend affiliated investment products over unaffiliated products in cases where additional compensation is received by ZIM, employees, and/or Zacks' affiliates. ZIM has adopted and implemented written compliance policies and procedures, codified in our compliance manual, which are designed to mitigate ZIM's risks and conflicts. Further, ZIM has a fiduciary duty to act in the best interests of clients.

Investment Consultants and Regional Vice Presidents ("RVPs") employed by ZIM (each a "ZIM Investment Consultant" and collectively "ZIM Investment Consultants") may receive a portion of a ZIM Wrap Program client's advisory fee, per the ZIM Investment Consultant's arrangement with ZIM. ZIM Investment Consultants may also receive compensation for ZIM Wrap Program client investments in mutual funds or ETFs (sub)advised by ZIM. The amount of compensation may be more than ZIM Investment Consultants would receive if a client participated in a different program or paid separately for investment advice, brokerage, and other services. Therefore, ZIM Investment Consultants have a financial incentive and conflict of interest to suggest a ZIM Wrap Fee Program, affiliated mutual funds and/or ETFs, and/or when clients use Folio compared to other custodians/broker-dealers in which the ZIM Investment Consultant would not receive additional compensation.

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

To open an account in a ZIM Wrap Program, a client must place assets with a value of at least \$500,000. However, at ZIM's discretion, it may accept clients with smaller accounts. Please see the *Services, Fees and Compensation* section above to review the fee schedule.



With respect to the ZIM Wrap Programs, ZIM generally provides customized investment management services to individuals and associated trusts, estates, pension and profit-sharing plans, retirement accounts and other corporations or business entities.

## **Portfolio Manager Selection and Method of Evaluation**

ZIM is the only portfolio manager offered in each of the ZIM Wrap Programs. ZIM does not select, recommend, and allocate ZIM Wrap Program assets to third-party managers to manage as a separate account. Therefore, ZIM does not utilize specific performance calculation or presentation standards as a tool in measuring third-party portfolio managers for use on a ZIM Wrap Program platform. ZIM Wrap Program clients sign an advisory agreement with ZIM, and ZIM retains discretionary authority to invest ZIM Wrap Program client assets. ZIM is engaged by ZIM Wrap Program clients to manage assets according to a specific investment strategy (or strategies) based on the client's investment objectives, mandates, and risk tolerances and the philosophy, process, and investment performance of the strategy. ZIM Wrap Program clients may impose reasonable mandates or restrictions, such as positions limits or avoiding certain securities or types of securities. ZIM Wrap Program clients will be primarily invested using an asset allocation approach to investments that includes the following ZIM investment strategies: "Zacks Dividend Strategy", "Zacks Dividend ESG Strategy", "Zacks All-Cap Core Strategy", "Zacks All-Cap Core ESG Strategy", "Zacks Quantitative Strategy", "Zacks International Equity Strategy", "Zacks International Equity Strategy - Developed Markets", "Zacks International Equity Strategy - Emerging Markets", "Zacks Fixed-Income Strategy", "Zacks Focus Growth Strategy", "Zacks Focus Growth ESG Strategy", "ZMLP Strategy", "Zacks Energy Strategy", "Zacks Preferred Income Strategy", "Zacks Small-Cap Core Strategy", "Zacks Mid-Cap Core Strategy", "Zacks Premier Select", "Zacks Small-Cap Growth Strategy", "Zacks Small-Cap Value Strategy", "Zacks All-Cap Core Fund", "Zacks Dividend Fund", "Zacks Small-Cap Core Fund", and "Zacks Alpha Long/Short Strategy." Please note that ZIM's Quantitative Strategy may only be implemented in the Folio program due to the very large number of securities positions in that strategy. In carrying out our asset allocation strategies for ZIM Wrap Program clients, ZIM may invest ZIM Wrap Program client assets in a mutual fund or ETF, including affiliated ZIM mutual funds or ETFs (please refer to the *Services, Fees, and Compensation* section above for additional disclosures). Should ZIM invest ZIM Wrap Program client assets in an affiliated mutual fund, ZIM and ZIR employees have a conflict of interest to recommend affiliated investment products over unaffiliated products in cases where additional compensation is received by ZIM, employees, and/or Zacks' affiliates.

Since ZIM is the sole portfolio manager offered in the ZIM Wrap Programs, clients are advised to also review disclosures in ZIM's Form ADV Part 2A (which, in addition to this Appendix 1, is provided by ZIM to ZIM Wrap Program clients). For example, ZIM Wrap Program clients should refer to the following items in ZIM's Form ADV Part 2A:

- Item 4 (Advisory Business)
- Item 6 (Performance-Based Fees and Side-by-Side Management)
- Item 8.A (Methods of Analysis, Investment Strategies and Risk of Loss)
- Item 17 (Voting Client Securities)

## **Client Information Provided to Portfolio Managers**

As previously mentioned, ZIM is the only portfolio manager offered in each of the ZIM Wrap Programs. Therefore, ZIM does not share information with other portfolio managers in a manner that may be typical for most other wrap fee programs in the investment industry (i.e., there are no other portfolio managers on a “platform” in this program). However, should ZIM invest ZIM Wrap Program client assets in a mutual fund or ETF, ZIM may need to share certain current client information (i.e., account number, name, address) with the mutual fund or ETF manager, as necessary, in order for ZIM to transact in and maintain the investment on behalf of the client. In all cases, ZIM intends to comply with the written privacy policies and procedures we have adopted and implemented. For a summary of the information provided by ZIM Wrap Program clients, and how ZIM may share such information in order to manage a client’s account, please refer to ZIM’s Privacy Notice, a copy of which is located within ZIM’s Form ADV Part 2A above. ZIM, as a general policy, provides ZIM Wrap Program clients with a copy of Form ADV Part 2A, in addition to providing this Appendix 1 of Form ADV Part 2A.

## **Client Contact with Portfolio Managers**

As previously mentioned, ZIM is the only portfolio manager offered in each of ZIM’s Wrap Programs. ZIM clients that participate in a ZIM Wrap Program may contact and consult with ZIM staff by calling the telephone number on the cover of this Appendix 1. As ZIM is the only portfolio manager offered in each of the ZIM Wrap Programs, ZIM anticipates that ZIM Wrap Program clients will not be restricted from contacting or consulting with ZIM staff.

## **Additional Information**

For additional disclosures about ZIM and ZIM’s advisory business relevant to ZIM Wrap Program clients, please refer to the following items in ZIM’s Form ADV Part 2A (which, in addition to this Appendix 1, is provided to ZIM Wrap Program clients):

- Item 9 (Disciplinary Information)
- Item 10 (Other Financial Industry Activities and Affiliations)
- Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading)
- Item 12 (Brokerage Practices – please refer to the ZIM Wrap Program section)
- Item 13 – (Review of Accounts)
- Item 14 (Client Referrals and Other Compensation)
- Item 18 (Financial Information)

# ZIM Investment Management, Inc. Part 2B of Form ADV The Brochure Supplement

10 South Riverside Plaza, Suite 1600  
Chicago, IL 60606  
<http://www.zacksim.com/>

Updated: May 2023

This brochure supplement provides information about Mitchel Zacks, and Manish Jain. It supplements ZIM's accompanying Form ADV brochure. Please contact ZIM's Chief Compliance Officer, Frank Lanza, at 312-265-9359. If you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about Mitchel Zacks, Manish Jain, Prashanth Sankar, Atanu Ghosh, Tony Zhang, and/or Jane Ji is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). **Mitchel Zacks'**

## **Biographical Information**

### Educational Background and Business Experience

Birth date: November 2, 1973

Education: University of Chicago, M.B.A., 1999  
Yale University, B.A., 1995

Business

Background: President & Portfolio Mgr., ZIM, 7/19-Present  
Managing Director & Portfolio Mgr., ZIM, 11/96-7/19  
Investment Banking Analyst, Lazard Freres, 1995-1996

Disciplinary Information

Mr. Zacks has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Zacks or of ZIM.

Other Business Activities

Mr. Zacks is not engaged in any other investment-related business and does not receive compensation in connection with any business activity outside of ZIM.

Additional Compensation

Mr. Zacks does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

Supervision

As Managing Director, maintains ultimate responsibility for the company's operations. Mr. Zacks' investment recommendations are supervised by ZIM's President and Senior Portfolio Mr. Zacks' activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

## **Manish Jain's Biographical Information**

### Educational Background and Business Experience

Birth date: July 14, 1972

Education: Michigan State University, B.A., 1993

#### Business

Background: Account Executive, Frankwell Management Services, 7/93-6/94  
Financial Advisor, H&R Block 10/94-12/02  
Portfolio Manager, Peoples Bank Trust Dept., 12/02-6/04  
Asst. VP Investment Management, Peoples Bank, 6/04-1/07  
Fixed Income Portfolio Manager, Zacks Investment Management, 2/07-Present

### Disciplinary Information

Mr. Jain has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Jain or of ZIM.

### Other Business Activities

Mr. Jain is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of ZIM.

### Additional Compensation

Mr. Jain does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

### Supervision

Mr. Jain's investment recommendations are supervised by ZIM's President and Senior Portfolio Mgr., Mitch Zacks. Mr. Jain's activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached by calling the telephone number on the cover of this brochure supplement.

## **Prasanth Sankar's Biographical Information**

### Educational Background and Business Experience

Birth date: May 30, 1975

Education: Indian Institute of Technology, Kharagpur, MSc, Physics  
University of Illinois at Urbana-Champaign, Ph.D., 2006 Theoretical and  
Mathematical Physics

### Business

Background: Quantitative Analyst & Portfolio Manager., ZIM, 1/07-Present

### Disciplinary Information

Mr. Sankar has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Sankar or of ZIM.

### Other Business Activities

Mr. Sankar is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of ZIM.

### Additional Compensation

Mr. Sankar does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

### Supervision

Mr. Sankar's investment recommendations are supervised by ZIM's President and Senior Portfolio Mgr., Mitch Zacks. Mr. Sankar's activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement

## **Atanu Ghosh's Biographical Information**

### Educational Background and Business Experience

Birth date: January 2, 1972

Education: Jadavpur University, B.C.S.E., 1995 Computer Science & Engineering  
Washington University in St. Louis, M.B.A., 2005 Finance

### Business

Background: Assistant System Analyst, Tata Consultancy Services, 8/1995-5/1998  
Astech Consultant, ACI Worldwide, 6/1998-8/2002  
Lead Developer, Dynamic Computing Services, 9/2002-8/2003  
Financial Analyst (Summer Intern), New City Ventures, LLC, 5/2004-8/2004  
Senior Research Analyst, Fiduciary Asset Management, 4/2005-8/2011  
Assistant Quantitative Equity Portfolio Manager, ZIM, 9/2011-Present  
Portfolio Manager, ZIM, 6/2013-Present

### Disciplinary Information

Mr. Ghosh has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Ghosh or of ZIM.

### Other Business Activities

Mr. Ghosh is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of ZIM.

### Additional Compensation

Mr. Ghosh does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

### Supervision

Mr. Ghosh's investment recommendations are supervised by ZIM's President and Senior Portfolio Mgr., Mitch Zacks. Mr. Ghosh's activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached by calling the telephone number on the cover of this brochure supplement.

# **Tony Zhang's Biographical Information**

## Educational Background and Business Experience

Birth date: November 19, 1977

Education: Fudan University, M.S., Microelectronics  
University of Minnesota-Twin Cities, Ph.D., 2008 Computer Engineering  
& Industrial Engineering  
The University of Chicago Booth School of Business, M.B.A., 2014 Finance,  
Analytic Finance & Entrepreneurship  
Harvard Business School, General Management Program, 2021 Management &  
Operations

Background: Product Engineer, Intel, 10/2002-7/2003  
Financial Analyst (Intern), Merrill Lynch, 1/2006-5/2006  
Assistant Professor, University of Maryland Baltimore County, 12/2014-1/2019  
Founder & CEO, LiveBeat Technology, 6/2018-Present  
Adjunct Faculty, University of Illinois at Urbana-Champaign, 1/19-Present  
Portfolio Manager/Quantitative Analyst, ZIM, 11/2013-Present

## Disciplinary Information

Mr. Zhang has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Zhang or of ZIM.

## Other Business Activities

Mr. Zhang is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of ZIM.

## Additional Compensation

Mr. Zhang does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

## Supervision

Mr. Zhang's investment recommendations are supervised by ZIM's President and Senior Portfolio Mgr., Mitch Zacks. Mr. Zhang's activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached by calling the telephone number on the cover of this brochure supplement.



## **Jane Ji's Biographical Information**

### Educational Background and Business Experience

Birth date: January 9, 1986

Education: Illinois Institute of Technology, M.B.A., 2010 Finance

Background: Credit Analyst Intern, Banker of Communications, 5/2007-9/2007  
Broker Assistant, Shanghai CFETS-ICAP Int. Money Brokerage Co. Ltd., 2/2008-8/2008  
Teaching Assistant of Corporate Finance & Risk Mgmt., Stuart School of Business, 8/2009-6/2010  
Financial Analyst Intern, American Library Association, 10/2010-6/2011  
Quantitative Analyst, ZIR, 7/2011-10/2013  
Quantitative Analyst, ZIM, 10/2013-2/2015  
VP Quantitative Analysis, ZIM, 2/2015-Present

### Disciplinary Information

Ms. Ji has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Ji or of ZIM.

### Other Business Activities

Ms. Ji is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of ZIM.

### Additional Compensation

Ms. Ji does not receive economic benefits from any person or entity other than ZIM in connection with the provision of investment advice to clients.

### Supervision

Ms. Ji's investment recommendations are supervised by ZIM's President and Senior Portfolio Mgr., Mitch Zacks. Ms. Ji's activities are also overseen by the Chief Compliance Officer, Frank Lanza. Any of these individuals can be reached by calling the telephone number on the cover of this brochure supplement.