Information around investment manager step-out trades

What does this mean to an investor?

September 2026

What is a step-out trade?

Step-out trading occurs when an investment manager for your managed account decides to execute a trade with a broker-dealer other than Ameriprise Financial.

Certain separately managed account (SMA) investment managers place certain client trade orders with broker-dealers or exchanges other than American Enterprise Investment Services (AEIS), the clearing dealer that executes trades on behalf of Ameriprise Financial Services, LLC (AFS). These trades are known as “step-out trades.” Step-out trades help the investment manager meet its obligation to seek best execution for trades. SMA investment managers provide additional details regarding their trading practices and what, if any, additional costs clients incurred as a result of placing step-out trades.

Why would a third-party manager perform a step-out trade?

The investment manager is attempting to fulfill its best execution obligation and believes going to a broker-dealer other than Ameriprise will improve overall execution quality. In some instances, step-out trades are executed without any additional transaction costs from the broker-dealer selected. In other instances, the investment manager chooses to perform a step-out trade even if the client will incur additional transaction costs because the manager believes it will improve overall execution quality. Placing these trades with other broker-dealers may or may not impact the investment performance of the client’s account.

What does best execution obligation mean?

Best execution means that an investment manager must place client trade orders with broker-dealers that the manager believes can provide the best execution possible for their clients’ orders. When seeking best execution, an investment manager must consider several factors, including opportunity to get a better trade price than what is currently quoted, and how quickly can the trade be executed.

How can a step-out affect a client?

When a step-out trade occurs, any additional cost charged by the third party is passed to an investor and is included in the price they pay for the security. This price is in addition to the asset-based fee the client pays for their managed account.

The following charts provide a list of the equity investment managers that informed Ameriprise that they engaged in step-out trades during Q2 2026. Listed by product and strategy, the chart shows any additional transaction costs over the time period listed. Several variables can impact these percentages, including the number of accounts in a strategy, the timing of inceptions and terminations of accounts, client-directed cash flows and the time period under review. All these variables affect the percentage and dollar amount of trades that were stepped out. Existing clients can obtain information regarding their actual costs for step-out trades on client statements and trade confirmations, which are listed as Third-Party Execution Fees, or by contacting their financial advisor. Information regarding each investment manager's best execution, trade aggregation and trade allocation practices, if any, as well as whether the investment manager may select broker-dealers that provide the investment manager credit toward the acquisition of research or other transaction related products and services are generally discussed in the investment manager's Form ADV Part 2A disclosure brochure.

It is important to note that certain investment managers that specialize in fixed income strategies may engage in step out trading, but additional costs of executing a fixed income trade, also called the mark-up or mark-down, is reflected in the net price of the security and are not reflected as a separate charge on trade confirmations of the investment managers.

SELECT SEPARATE ACCOUNT STEP-OUT TRADE INFORMATION FOR Q2 2026

		Percentage of Client Trades Stepped Out	Additional Cost Incurred by Client Participating in those Trades [1]
Manager name	**Strategy name**	**Q2 2026**	
Franklin Templeton Private Portfolio Group, LLC	Dividend Strategy Balanced	0.24%	1.26 cps
	Large Cap Growth Balanced	0.39%	0.69 cps
Kayne Anderson Rudnick	Rudnick Small Cap Quality Value	26%	2.11 cps
	Small Cap Sustainable Growth	37%	1.70 cps
Principal Global Investors	Spectrum Hybrid Preferred	65-70%	0.00 cps

[1]*Additional cost is expressed in terms of an average or range of cents per share ("cps")*

VISTA SEPARATE ACCOUNT STEP-OUT TRADE INFORMATION FOR Q2 2026

		Percentage of Client Trades Stepped Out	Additional Cost Incurred by Client Participating in those Trades [1]
Manager Name	**Strategy Name**	**Q2 2026**	
Lord Abbett	Lord Abbett Convertible Managed Account	98.00%	0.00 cps
Legg Mason	All Cap Blend Portfolios (MDA0)	69.86%	0.73 cps
	Balanced Income Managed Account	22.01%	0.17 cps
	Diversified All Cap Portfolios (MDA 5A)	79.94%	0.70 cps
	Dividend and Growth Portfolios (MDA3)	100.00%	1.10 cps
	Dividend Strategy Portfolios Balanced Tax Favored (60/40)	16.46%	1.26 cps
	Franklin Templeton Income	3.12%	0.68 cps
	Global Multi Cap Growth Portfolios (MDA4)	89.35%	0.82 cps
Tandem	Tandem Large Cap Core Managed Account	21.89%	1.00 cps

[1] Additional cost is expressed in terms of an average or range of cents per share ("cps")

Contact your Ameriprise financial advisor if you have questions around step-out trades and how they may impact your accounts.

Clients should review the *Ameriprise®* Managed Accounts Client Disclosure Brochure, or if they have elected to pay a consolidated advisory fee, the *Ameriprise* Managed Accounts and Financial Planning Service Disclosure Brochure, for a full description of services offered, including fees and expenses as well as any applicable updates.

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