

March 29, 2019

### DISCLOSURE BROCHURE

This Brochure provides information about the qualifications and business practices of Century Securities Associates, Inc., and focuses on the wrap fee programs to which our clients have access. We also offer advisory consulting services and financial planning services, which are covered in a separate brochure. If you have any questions about the contents of this brochure, please contact us at the address or telephone number provided below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Century Securities Associates, Inc., is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply a certain level of skill or training.

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## MATERIAL CHANGES

Since Century Securities Associates, Inc. (Century or the “Firm”)’s last annual update in March 2018, the firm has experienced the following changes that may be considered material:

- We updated the section “*Investment Restrictions*” to note that investment advisers with trading authority over client accounts may use their own trading systems to implement trades and, in such cases, may use a different reference point than Stifel in defining prohibited investment levels for social consciousness restrictions.
- In the section “*Other Information About the Programs – Processing Guidelines for Advisory Accounts*,” we have disclosed that the turnaround time for processing new advisory accounts or conversions between our advisory programs may require several days to complete, even under normal circumstances. We will not be responsible for changes in market prices that occur between the time a client authorizes enrollment into an advisory program, and the eventual investment of the account in the selected strategy or program.
- We updated disclosures relating to terminations in the section “*Terminations; Refund of the Advisory Fee Upon Terminations*,” including that we (and/or Stifel) act in our capacity as registered broker-dealers when processing liquidations to facilitate account transfers.
- We updated the section “*Fees and Compensation*” as follows:
  - Disclosures relating to “*Fee Household*” – As a reminder, client can request to group multiple eligible accounts held at Stifel into a fee household in order to qualify for lower fee tiers in a program. However, retirement accounts subject to ERISA cannot be grouped into a fee household with non-ERISA accounts. Clients are also directed to consult with their tax advisor for rules that may apply when fee householding IRAs and Keogh plans with non-retirement accounts.
  - In the section “*Other Excluded Fees and Expenses*,” we disclose that clients will be responsible for all fees and expenses associated with preparing and/or filing tax forms in connection with privately issued securities held in advisory accounts. Each client will also be separately responsible for any fees charged by third parties in connection with client’s account(s) or investment(s) (or fees charged by Stifel to pay such third parties); more detail about these fees is provided in the Stifel Account Agreement and Disclosure Booklet (available under the *Important Disclosures* section of our website at [www.stifel.com](http://www.stifel.com)).
  - We updated the mutual fund share class disclosures in the section “*Certain Compensation in Addition to the Stifel Advisory Fee – Compensation From Funds*” relating to the mutual fund share classes made available in our investment advisory programs. In summary, Stifel periodically reviews the share classes offered by mutual funds that it has determined to make available for purchase through its advisory programs in an effort to identify the lowest cost share class of each applicable fund for which advisory accounts are eligible (the “*Advisory Share Class*”). Once identified, all new purchases of the fund’s shares are required to be in the designated *Advisory Share Class* of the fund; subject to mutual agreement by the applicable fund company, higher cost share classes in the advisory accounts (if any) are periodically converted to the *Advisory Share Class*. Clients should note that fund expenses can and will vary over time; therefore, while Stifel endeavors to identify and designate the lowest cost share class for which advisory accounts are eligible as of the time of its review as the *Advisory Share Class*, a fund may introduce lower cost share classes without notice to Stifel. Additionally, there may be cases where, for other business reasons, Stifel designates an *Advisory Share Class* that is not the least expensive share class for the particular mutual fund. Clients should note that they may be able to obtain a less expensive share class at a different firm.

We do not expect to receive distribution (12b-1) fees with respect to *Advisory Share Classes* held in advisory accounts; however, to the extent received (such as, for example, if a fund’s lowest cost share class pays 12b-1 fees), we rebate those 12b-1 fees back to the applicable client account(s). Stifel also receives certain other forms of compensation from fund companies

and/or their affiliates, in the form of omnibus fees, networking fees, marketing support and revenue sharing payments, as well as training and educational expense contributions. The amount of compensation received generally varies by fund, fund share class, and/or fund company. Because the compensation received is generally based on fund shares purchased by Stifel clients, including in our advisory accounts, clients should note that we have a financial incentive to make available to clients those share classes that provide us (including Stifel) greater compensation, which, in many instances, would cause clients investing in those share classes to incur higher ongoing costs relative to other share classes made available by other funds or fund companies. This presents a conflict of interest. We address this conflict through the disclosures in this brochure of the compensation received (including, where available, the applicable ranges), as well as Stifel's fund share class selection procedures generally. Clients are directed to review this section in its entirety for an accurate understanding of our mutual fund share class selection processes, as well as the various forms of compensation that we and/or Stifel may receive from mutual funds, exchange traded funds, closed-end funds, unit investment trusts, and/or money market funds.

- We enhanced disclosures relating to “*Compensation From Other Products*,” “*Training and Education Expense Contributions From Advisers*,” and “*Float*.” Clients should carefully review each applicable section for details about the compensation. In general, clients should note that each type/form of compensation presents a conflict of interest for our firm, our financial advisors and our affiliate, Stifel, in providing advisory services to clients.
- In the section “*Portfolio Manager Selection and Evaluation*,” we clarified that Stifel may decide to approve new portfolios for its advisory platform on the basis of, among other things, business interests that Stifel or its affiliates may have with the applicable investment adviser. We also clarified the processes that Stifel's Traditional Products Research Group uses to create and maintain various Recommended Lists of products made available to financial advisors. Clients should note, however, that we do not require our financial advisors to limit their selections/recommendations to products that are included on a relevant Stifel Recommended List.
- We added new risk disclosures to the section “*Methods of Analysis, Investment Strategies, and Risk of Loss*” relating to *Cash Balances* (which typically generate very low yield relative to the advisory fee); *Brokered Certificates of Deposit*; *Unrelated Business Taxable Income* (which may lead to additional expenses relating to tax filings for tax qualified accounts); and *Dividend Reinvestment* strategies (which typically lead to the holding fractional shares in the advisory account which Stifel is not able to liquidate in an agency capacity).
- We enhanced disclosures about the conflicts of interest that we face in connection with loans issued by our affiliated banks and secured by assets held in clients' advisory accounts (*Credit Line Loans*). Clients should note that their financial advisors will most likely receive compensation from our affiliated bank(s) for referring clients to the bank for such loans. To the extent paid by the bank to our firm and financial advisors, the compensation is based on the outstanding principal balance of the loan and is paid on a quarterly basis. This compensation presents a conflict of interest that provides an incentive for our financial advisors to recommend that clients obtain a Credit Line Loan (or continue to maintain an outstanding balance), even where a client has sufficient funds elsewhere to finance the client's capital needs. Moreover, clients should note that, in the event of a maintenance call that requires a sell of any or all of the collateral securities for such loans, Stifel will act solely in its capacity as a broker-dealer and will seek to maximize its interest (and those of the Stifel affiliated banks), and will not prioritize a client's interest.
- We updated the ERISA Rule 408(b)(2) Disclosure Information for Qualified Retirement Plans, which is attached to our brochure. Clients who are qualified retirement plans should pay particular attention to this disclosure.

*Instead of providing an updated brochure each year to Clients, we generally provide this summary of material changes by April 30 of each year. Because it is a summary, it does not contain all of the updates that were made to the brochure. Please read the full brochure, which is available to Clients at no charge on our parent company's website at [www.stifel.com](http://www.stifel.com) under the section “Important Disclosures,” or by contacting your Financial Advisor. Capitalized terms used in this section have the meanings assigned to them in the main body of this brochure.*

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## EXECUTIVE SUMMARY

### About Century Securities Associates, Inc.

Century Securities Associates, Inc. (“Century”) is a broker-dealer that has been registered with the SEC since March 1991 and an investment adviser that has been registered with the SEC since March 19, 1993. Century is owned by Stifel Financial Corp., a publicly held company whose common stock trades under the symbol “SF.” Century’s business purpose is to serve the investment needs of clients. Century is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”), and various exchanges. Information about Century’s qualifications, business practices, and affiliates is accessible on our parent company’s website at [www.stifel.com](http://www.stifel.com) as well as via publicly available filings with the SEC at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In this brochure, the pronouns “we,” “our,” “us,” and similar words will refer to Century. The pronouns “you,” “your,” and similar words will refer to you as the Client. References to the singular throughout this brochure include the plural and vice versa. Capitalized terms shall have the meanings assigned to them in this brochure.

### Services We Provide

We offer both investment advisory (“Advisory”) and brokerage services to our Clients. For more information about our brokerage business, please refer to the “Brokerage Practices” section of this brochure and to the Stifel Account Agreement and Disclosure Booklet, a copy of which is available under the “Important Disclosures” section of [www.stifel.com](http://www.stifel.com) (“Account Agreement and Booklet”). *It is important to understand that brokerage services are separate and distinct from Advisory services, and different laws, standards of care, and separate contracts with clients govern each. While there are similarities among brokerage and Advisory services, our firm’s contractual relationship with and legal duties to clients are subject to a number of important differences depending on whether we are acting in a brokerage or Advisory capacity.*

## ADVISORY BUSINESS

### About our Investment Adviser

Our services include discretionary and non-discretionary Advisory services, which generally involve account and/or portfolio management, asset allocation and related services, and recommendation of or assistance with the selection of, securities and/or other registered investment advisers (“Advisers”). Such Advisers may include firms that are independent of our firm (“Independent Advisers”) as well as firms owned by our parent company, Stifel Financial Corp., or one of its subsidiaries (“Affiliated Advisers”). We enter into a written advisory agreement (“Advisory Agreement”) with each Client where we and our affiliate, Stifel, Nicolaus & Company, Incorporated (“Stifel”) acknowledge the Advisory relationship and disclose our obligations when acting in an Advisory capacity. We provide Advisory services to a variety of Clients, including individuals, corporations, and other businesses, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable

organizations, state and municipal government entities, educational institutions, insurance companies, and banks and thrift institutions (“Clients”). We generally provide Advisory services through our investment advisory representatives (“Financial Advisors”), who determine the services that are most appropriate for Clients based on each Client’s stated individual investment goals, financial circumstances, and other information provided by the Client. We may fulfill a Client’s wealth management needs by acting as broker-dealer, investment adviser, or both. Our Advisory services cover most types of debt and equity or equity-related securities of domestic and foreign companies as well as national, state, and local government issuers, whether trading on an exchange or over-the-counter. In addition to stocks and fixed income securities, we (and/or Stifel) may also recommend or invest Client assets in other types of investments, such as rights and warrants, options, certificates of deposit (“CDs”), mutual funds and other open and closed-end funds, exchange traded products (“ETPs”), including exchange traded funds (“ETFs”), unit investment trusts (“UITs”), real estate investment trusts (“REITs”), American Depositary Receipts (“ADRs”), foreign ordinary shares, publicly traded master limited partnerships (“MLPs”), private investment vehicles (including, but not limited to, hedge funds and private equity funds), and other investments deemed appropriate for our Clients.

### Assets Under Management

As of December 31, 2018, we had approximately \$335,040,133 of Client assets that were managed on a discretionary basis and \$396,558,774 in non-discretionary assets.

### Our Responsibilities as an Investment Adviser

When serving as an investment adviser to Advisory Clients, we are acting as a fiduciary and are held to the legal standards set forth in the Investment Advisers Act of 1940 (the “Advisers Act”), certain state laws, and common law standards applicable to fiduciaries, as well as, where applicable obligations, imposed under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or other relevant regulations for Advisory retirement accounts. Such standards include the duty of care, including the obligation to have a reasonable basis for believing that our investment recommendations are suitable and consistent with Client’s stated objectives and goals (including any restrictions placed on the account by the Client) and the duty of loyalty, including the obligation to provide Clients with full disclosure of material conflicts of interest. Our duties of care and loyalty differ depending on our Client relationship, authority, agreed services, and other factors, including whether we provide non-discretionary versus discretionary services or when we provide episodic (e.g., financial planning) versus continuous advice. Our duty of care may be defined in our Client agreement, and our duty of loyalty may be modified or limited through Client disclosure and affirmative or implied client consent by receiving and not objecting to the disclosure. Additional information about our fiduciary obligations, including some of the policies and procedures that we undertake to fulfill those obligations, is available throughout this brochure, including under the section “*Participation or Interest in Client Transactions.*”

## SERVICES, FEES, AND COMPENSATION

### **Our Relationship With Stifel, Nicolaus & Company, Incorporated**

Our affiliate, Stifel, supports the Advisory services described in this brochure by providing access to its research and Advisory programs, execution of client transactions, and, in most cases, custody of client assets.

Throughout this brochure and depending on the type of Program referenced, the term “portfolio manager” shall refer to, as applicable, i) Century, where your Financial Advisor, as agent for our firm, provides discretionary portfolio management services (e.g., in connection with the Solutions Program discussed below), ii) Stifel where it provides discretionary portfolio management services, and/or (iii) an Independent Adviser or Affiliated Adviser to whom Stifel has delegated discretionary authority as a sub-adviser, such as manager-traded Portfolios in the Opportunity Program, or to whom you have otherwise granted investment discretion, such as an Adviser with whom you have entered into a separate investment advisory agreement within the Connect Program.

### **Investment Restrictions**

Subject to Stifel’s review for reasonableness, Clients with Advisory accounts in the discretionary programs covered in this brochure may impose restrictions on investing in specific securities or certain types of securities for such accounts by making such requests to us in writing. If Stifel determines that the restrictions are reasonable and accepts them, your Financial Advisor, Stifel, or the Adviser you have selected (as appropriate) will be responsible for implementing and managing the account consistent with the restrictions that you have imposed. It is important for you to understand that, if the restrictions are approved and imposed on your account, the performance of the account may differ (even significantly) from the performance of other accounts in the same portfolio without similar restrictions. You may request in writing that specific mutual funds or ETFs not be purchased in your discretionary Advisory account(s); however, we and Stifel cannot accommodate requests to restrict the underlying securities that may be purchased or sold by mutual funds, ETFs, private funds, or other collective investment vehicles in Advisory accounts.

In certain Advisory programs referenced below, and as outlined in the applicable Advisory Agreement, in the event that mutual funds, ETFs, or categories of both are restricted, the portion of the account that would have been invested in such may be invested in cash equivalents or short-term fixed income instruments at Stifel’s discretion. Investments in cash equivalents or short-term fixed income instruments pursuant to such restrictions may impact the performance of the account relative to other accounts that are fully invested.

Stifel defines and/or identifies certain types of permissible account restrictions (e.g., prohibiting investments in particular industries or based on social consciousness) by reference to information provided by a third-party service provider using the provider’s proprietary methodologies, which may change at any time without notice to Clients. If a Client elects to impose such

types of restrictions on an account, Stifel will apply the restrictions based on its internal policies, by referencing the third-party service provider’s information. Advisers with trading responsibility over Client accounts may use their own trading systems and, as a result, may use different reference points than Stifel in defining prohibited investment levels for social consciousness restrictions.

## WRAP FEE PROGRAMS

As set forth on the cover page, we offer our Clients access to a number of different wrap fee programs (each, a “Program” and collectively, the “Programs”) as well as, where applicable, different portfolios within each Program (each, a “Portfolio” and collectively, the “Portfolios”) sponsored by Stifel. For these Programs, Stifel (not Century) is the sponsor and, in certain Programs, both the sponsor of the Program and portfolio manager for Portfolios within the Program. Our Financial Advisors serve as portfolio managers only in connection with one Program, the Solutions Program. A “wrap fee” is an annual fee paid by the Client that is intended to cover applicable services to the account, including our investment advice and, where applicable, may include portfolio management, trade execution, clearing, settlements, custody, administrative, and account reporting services provided by Stifel, as well as investment advice and/or portfolio management provided by an Adviser to the Portfolio. To the extent that portfolio management or similar services are provided by Advisers, a portion of the wrap fee paid by the Client will be paid to such Advisers for their services – please refer to the section “Fees and Compensation” below for additional details about Stifel’s wrap fees (also called Advisory Account Fees). Additional information about the Programs covered in this brochure is provided below.

Throughout this brochure and depending on the type of Program referenced, the term “portfolio manager” shall refer to, as applicable, i) Stifel, where it or your Financial Advisor provides discretionary portfolio management services (e.g., in connection with our Solutions Program discussed below), and/or ii) an Independent Adviser or Affiliated Adviser to whom Stifel has delegated discretionary authority as a sub-adviser, such as manager-traded Portfolios in our Opportunity Program, or to whom you have otherwise granted investment discretion, such as an Adviser with whom you have entered into a separate investment advisory agreement within our Connect Program.

## STIFEL SOLUTIONS PROGRAM

### **About the Stifel Solutions Program**

The Stifel Solutions Program (“Solutions”) offers discretionary account management by certain Financial Advisors who are approved to participate in the Solutions Program.

Once a Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Financial Advisor will assist the Client in selecting an appropriate strategy for all or part of a Client’s asset allocation

in the Solutions account. To implement a Client's investment objectives and risk tolerance, a Financial Advisor may utilize fundamental, qualitative, quantitative, and/or technical research published by Stifel or another source. Financial Advisors may also employ short-term purchases and/or limited options trading, provided such strategies are suitable and appropriate for the Client and, as applicable, approved for the account. However, Financial Advisors' strategies will differ, and a Financial Advisor may utilize multiple strategies and/or may customize a strategy to fit particular Clients' situations. As such, the performance of accounts managed by any one Financial Advisor will differ (at times, materially) from similarly situated Client accounts of other Financial Advisors. Each Client is encouraged to discuss and review with the applicable Financial Advisor how the account will be managed, as well as the specific risks applicable to the Client's Solutions account.

## STIFEL OPPORTUNITY PROGRAM

### About the Stifel Opportunity Program

Under the Stifel Opportunity Program ("Opportunity"), Clients have access to various Portfolios by Independent and Affiliated Advisers. Once a Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Financial Advisor will assist the Client in selecting one or more suitable Portfolios from those available in the Opportunity Program. Each Client should carefully review each proposed Portfolio to understand the types of investment the Portfolio will make, as well as the risks related to each such Portfolio, prior to investing in any Portfolio.

Stifel has entered into a master agreement (or sub-advisory agreement) with each applicable Adviser pursuant to which the Adviser makes its Portfolios available to the Stifel in one of two ways: a Portfolio may be traded directly by its Adviser (in such case, a "Manager-Traded Portfolio"), or Stifel may retain trading responsibility over accounts in the Portfolio (in such case, a "Model-Based Traded ("MBT") Portfolio").

**Manager-Traded Portfolios.** The Adviser for a Manager-Traded Portfolio assumes full discretionary portfolio management responsibilities over each Client account invested in the Portfolio (in that capacity, the Adviser will be referred to as an "Investment Manager"), including determining the securities to be bought or sold, implementing those decisions for the invested accounts, and for all other aspects of portfolio management for the accounts. An Investment Manager may implement trades through Stifel in its capacity as a broker, or may implement trades through another broker-dealer if the Investment Manager determines, in its sole discretion, that such other broker-dealer is providing best execution in light of all applicable circumstances. Please refer to the section "*Fees and Compensation – Fees and Expenses Associated With Trades Executed By Investment Managers Away From Stifel*" for more information about Investment Managers' trade-away practices

**MBT Portfolios.** Alternatively, if you select an MBT Portfolio, the Adviser will provide Stifel with its model Portfolio and ongoing updates to the same, which Stifel will be responsible for

implementing (in such capacity, the Adviser will be referred to as a "Model Adviser"). Therefore, with respect to MBT Portfolios in Opportunity, Stifel retains discretionary trading authority over Client accounts.

## STIFEL HORIZON PROGRAM

### About the Horizon Program

Under the Stifel Horizon Program ("Horizon"), your Financial Advisor provides non-discretionary Advisory services, such as recommending and advising Clients on the appropriateness of specific investments in accordance with the Client's stated investment objectives and risk tolerance.

In the Horizon Program, Financial Advisors may recommend any of the investments listed above under the section "Advisory Business," provided such strategies are suitable and appropriate for the Client. Each Client is ultimately responsible for determining whether to implement a Financial Advisor's recommendations for the account.

## STIFEL CONNECT PROGRAM

In the Stifel Connect Program ("Connect"), a Financial Advisor assists Clients in the selection of an Adviser to manage the Client's Connect account on a discretionary basis, in accordance with the terms of a separate investment advisory agreement between the Client and the Adviser (in this case, each a "Connect Adviser"). In each case, the Financial Advisor will assist the Client in establishing and maintaining a relationship with the Connect Adviser.

*In the Connect Program, you will have a separate and direct relationship with the Connect Adviser. As such, neither Stifel nor Century have or exercise discretionary authority with respect to the management of the assets in the account. Additionally, if you are considering entering into the Stifel Connect Program arrangements, you should note that Stifel performs limited due diligence with respect to Connect Advisers, as discussed under the section titled "Portfolio Manager Selection and Evaluation."* As a result, you will be responsible for carefully reviewing any and all information and/or material provided by the Connect Adviser, and for determining the appropriateness of continuing the relationship.

Finally, you should note that any fees charged by a Connect Adviser and any other third-party fees or expenses incurred by your account as a result of implementing the Connect Adviser Portfolio are separate from the fees charged by Stifel, and are **not** considered part of the Stifel Fee or Product Fee (as defined in the section "Fees and Compensation" below).

## STIFEL FUNDAMENTALS PROGRAM

### About the Stifel Fundamentals Program

Under the Stifel Fundamentals Program ("Fundamentals"), Financial Advisors assist Clients in selecting from a set of Stifel

proprietary Portfolios which utilize mutual funds and/or ETFs, consistent with each Client's stated investment objectives, risk tolerance, and overall asset allocation. Clients grant Stifel discretionary authority to invest account assets in accordance with the chosen Portfolio, and to rebalance such account assets periodically in order to implement any updates made to a Portfolio.

#### **Mutual Fund, Strategic ETF, and Core American Portfolios**

Stifel's Traditional Products Research Group (the "TPRG") manages these Portfolios and determines the specific mutual funds and ETFs to populate each Portfolio. In an effort to determine an appropriate asset allocation for each Portfolio, the TPRG collaborates with a third-party vendor that provides expertise in the development of capital market assumptions and asset allocation modeling. TPRG is solely responsible for determining the mutual funds and/or ETFs that will be held in the Mutual Fund, Strategic ETF, and/or Core American Portfolios. New portfolio holdings are selected from the Stifel Mutual Fund Recommended List and/or Stifel ETF Recommended List, as appropriate. TPRG periodically reviews the mutual funds held in the Mutual Fund and/or Core American Portfolios, as well as the ETFs in the Strategic ETF Portfolios, and may (but need not) adjust such Portfolios when a position is dropped from the applicable Recommended List, or when TPRG determines that a different investment represents a better investment opportunity for the particular Portfolio.

Additional information about the processes employed by TPRG in developing the Mutual Fund Recommended List or the ETF Recommended List is provided below under – "Portfolio Manager Selection and Evaluation – Recommended Lists."

**Option of Traditional or Alternative Models.** Each Portfolio managed by TPRG is available in a traditional model (that is, one that invests solely in traditional mutual funds and/or ETFs) or an alternative model that includes an allocation to non-traditional or alternative mutual funds or ETFs. A non-traditional fund may be defined by how its manager invests (that is, use of alternative strategies), as well as what the fund invests in (such as, for example, investing in real estate or commodities). In general, alternative mutual funds may employ a wide variety of investment techniques, including (but not limited to) shorting of equities and credit and the use of derivatives or leverage. *Clients should carefully review the risks associated with specific alternative models being considered for investment.*

#### **Tactical ETF Portfolios**

The Tactical ETF Portfolios are aligned with the tactical asset allocation models ("Tactical Asset Allocation Models") created by Stifel's Investment Strategy Group ("Stifel IS"), under the direction of Stifel's Chief Investment Officer.

Stifel IS manages the Tactical ETF Portfolios and, in that capacity, is responsible for determining an appropriate asset allocation for each model in the Tactical ETF Portfolios, as well as for determining the specific ETFs that will populate each model/Portfolio. In constructing and monitoring the Tactical ETF Portfolios, Stifel IS follows the Tactical Asset Allocations that are derived from a long-term view of the investment

universe coupled with tactical tilting based on market outlook over the medium term. Stifel IS then selects the ETFs to follow each asset/sub-asset class in the asset allocation and selects these ETFs using various qualitative measures, including, but not limited to, tracking error, liquidity, trading volume, and fees. The ETFs are selected from the list of ETFs generally available for purchase on Stifel's platform. Stifel IS periodically reviews the selected ETFs and, as applicable, may (but need not) adjust the holdings when there is a shift in the allocation to a specific asset class or when Stifel IS decides that different ETF represents a better investment opportunity for a particular portfolio.

### **STIFEL CUSTOM ADVISORY PORTFOLIO PROGRAM**

#### **About the Stifel Custom Advisory Portfolio Program**

The Custom Advisory Portfolio Program offers clients investment management services utilizing various investment products within a single account. Based on a Client's stated risk tolerance, investment objectives, and overall asset allocation, Financial Advisors will recommend and assist the Client in selecting eligible investment products in which to invest in order to implement all or a part of the Client's asset allocation in the Custom Advisory Portfolio. Eligible investment products for the Program include mutual funds, ETFs, and/or various Portfolios, including Portfolios that are also available in Stifel's Opportunity, and Fundamentals Programs. Clients must approve investment product recommendations prior to implementation. Each Client-approved investment product will be segmented to a specific portion of the Client's Custom Advisory Portfolio (each, a "Sleeve"). Any mutual funds or ETFs purchased must be selected from the list of eligible funds (determined in Stifel's sole discretion) approved for Stifel's Advisory platform. In addition, Clients also grant Stifel discretionary authority to act as overlay manager, to determine the specific Portfolios to be made available for the Custom Advisory Portfolio Program, to implement Client's selection of specific mutual fund and/or ETF sleeves at such time, price, and in such allocation as Stifel deems appropriate, and to rebalance Client accounts, from time to time, to within a reasonable range (set by us) of the target allocation for each sleeve comprising Client's Custom Advisory Portfolio.

### **STIFEL SPECTRUM PROGRAM**

#### **About the Stifel Spectrum Program**

The Stifel Spectrum Program ("Spectrum") offers discretionary portfolio management, combining a strategic mutual fund allocation, a tactical ETF strategy, and a risk management strategy managed by an Affiliated Adviser, all in a single account.

Financial Advisors assist Clients in selecting from multiple strategic mutual fund and tactical ETF Portfolio combinations, consistent with the Client's stated risk tolerance, investment objectives, and overall asset allocation. For the portion of the Spectrum account invested in a strategic mutual fund Portfolio, such Portfolios are consistent with those available for the Fundamentals Mutual Fund Portfolio.



## OTHER INFORMATION ABOUT THE PROGRAMS

As discussed above, our Advisory Agreements with Clients acknowledge our firm's and Stifel's Advisory relationship, disclose our obligations when acting in an Advisory capacity, and describe the roles and responsibilities of each party.

Where Stifel has assumed trading discretion over an Adviser's Portfolio (i.e., for MBT Portfolios), there may be times when Stifel is unable to implement an Adviser's recommendations for its model Portfolio due to various restrictions to which Stifel is subject as a firm. For example, Stifel's policy is generally not to use discretion (investment or trading) in the purchase of our parent company stock, Stifel Financial Corp. (SF). If an Adviser were to relay model Portfolio recommendations that require the purchase of such securities, Stifel would not implement such recommendation but would, instead, request a substitute from the Adviser or (if the Adviser is unable or unwilling to provide a substitute) determine an appropriate substitute for the recommended position (which may include re-allocating among existing position, holding cash, or other reasonable alternatives). Clients should refer to the Cash Sweep section for information relating to how cash positions are typically held. As such, Clients should be aware that MBT Portfolios, as implemented at Stifel, may differ from an Adviser's marketed Portfolio.

### Processing Guidelines for Advisory Accounts

As set forth in our Advisory Agreements, our Advisory relationship with you begins after Stifel has accepted a fully executed Advisory Agreement (referred to as the "effective date" in the Advisory Agreements). In general, this occurs after (i) your Financial Advisor has submitted all required account opening documentation through the appropriate channels (typically through our account opening systems); (ii) all required internal approvals have been documented and submitted; (iii) Stifel's processing personnel have confirmed that the account documentation is in good form (for example, Client signatures are generally required to be dated within 60 days of submission); (iv) your account is funded with no less than the minimum amount required for the particular Program or Portfolio in which you are seeking to invest; and (v) the account has been coded as an Advisory account in Stifel's and our recordkeeping systems.

Processing times may vary due to a number of factors, including (but not limited to) the volume of new Advisory accounts being processed, whether additional verification activities are needed, etc. If an account enrolling into a discretionary program has been funded (in whole or in part) with securities, additional processing time will be required to liquidate the legacy positions in order to generate the funds needed to purchase Portfolio securities. We consider your decision to enroll the account as direction to us (or Stifel, as appropriate), in each of our capacities as registered broker-dealers, to sell current positions in the account at market prices. Although effected as brokerage transactions, neither Century nor Stifel charges commissions for such liquidating transactions. Where necessary, Stifel may liquidate those positions by purchasing the securities into its inventory. Where legacy positions are used to fund a discretionary account, Stifel strives to liquidate legacy positions

being used to fund Advisory accounts as promptly as possible; however, there is no assurance that Stifel will be able to effect the necessary liquidations on the same day as the submission or that the execution prices achieved will be as favorable as could have been achieved if the positions were liquidated over time. Finally, even after Stifel has completed its review of an account's eligibility for a particular Program, additional delays may still occur if the account is to be traded by an Adviser, as Advisers may require additional time to review Client profiles, proposed investment restrictions (if any), and any other special instructions prior to determining whether to accept an account into their Portfolios.

In general, you should note that the turnaround time for processing new Advisory accounts or conversions between Programs or Portfolios may require several business days to complete, even under normal market conditions. ***Neither Century nor Stifel (or any Adviser, if applicable) is responsible for changes in market prices that occur between the time you execute the Advisory account documentation (or otherwise authorize enrollment into a Program or Portfolio) and the eventual investment of the account in the selected strategy.***

## FEES AND COMPENSATION

For the services provided under the applicable Advisory Agreement, Clients pay an annual asset-based "wrap" fee at the rates set forth below (the "Advisory Account Fee," the "fee," or the "Advisory fee"). The Advisory Account Fee consists of: (i) a fee for the services provided by Stifel and Century (referred to as the "Stifel Fee" or "Stifel Advisory Fee") and, if applicable, (ii) a fee for the portfolio management services with respect to each Portfolio in which a Client's Advisory account is invested (the "Product Fee(s)"). For Portfolios with no Product Fee, the Stifel Fee constitutes the entire Advisory Account Fee.

### *The Stifel Fee*

For the Programs described in this brochure, each Client pays an asset-based wrap fee to Stifel of up to 2.5%, which covers our firm's services (including compensation to the Financial Advisor), as well as all of Stifel's services, which may include administrative, account reporting, investment advisory services, trade execution for trades through or with Stifel, and, as applicable, custody of securities, portfolio management, and clearing services. Clients can generally negotiate the Stifel Fee with their Financial Advisor, subject in certain cases to final approval from Stifel (e.g., if the proposed fee is below certain ranges). Factors that Financial Advisors may consider in setting the Stifel Fee for a particular Client include (but are not limited to) the nature and size of the overall client relationship; the Client's particular advice requirements and product preferences; and/or the level, type, and frequency of advisory and other services expected to be provided to the Client under the relationship.

### *Product Fees*

Depending on the Program and/or Portfolio selected, Clients will also be responsible for the applicable Product Fees used to compensate for any portfolio or model management services

provided by an Adviser and/or internal Stifel units to the Portfolio. Product Fees vary by Program and/or Portfolio (including based on whether it is Manager-Traded or MBT), are generally not negotiable, and generally range as follows:

- **Manager-Traded Portfolios:** Between 0.10% to 1.00%, depending on the applicable Portfolio.
- **MBT Portfolios (including those in the Custom Advisory Portfolio Program):** Between 0.20% to 0.50%, depending on the applicable Portfolio.
- **Spectrum Program:** Between 0.10 to 0.20%, depending on the Portfolio.

**Connect Program:** Stifel does NOT charge a Product Fee with respect to the Connect Program. **However, the Connect Adviser charges a separate fee** for its services, in each case as specifically set forth in a Client's separate agreement with such Connect Adviser. Clients should consider the total cost of accessing the Connect Adviser Portfolio when considering enrolling into a Connect Program arrangement and/or continuing with such arrangement.

Product Fees set forth above are deducted on a quarterly basis. For certain Programs (e.g., the Spectrum Program and the Custom Advisory Portfolio Program), the actual Product Fee charged will vary as the percentage charged is a weighted average based on each sleeve's allocation (actual or target) relative to the total portfolio.

Finally, certain investments (such as mutual funds, closed-end funds, UITs, ETFs, hedge funds, and other collective investment vehicles) that may be held in Clients' accounts have additional fees and expenses, such as management and other fees, that are not part of the Advisory Account Fees; Clients will be separately responsible for any such fees and expenses.

### **How Fees for Advisory Services Covered in This Brochure Are Charged**

Each Client's Advisory Account Fee is set forth on the applicable fee schedule(s) of the Advisory Agreement for that account. As set forth above, the Stifel Fee is negotiable and a Client may pay more or less than seemingly similarly situated Clients, depending on the particular circumstances of the Client (such as the pricing model, the size and scope of the Client relationship, additional or differing levels of service, and/or the asset class to which each Portfolio is attributable, as applicable). Clients that negotiate fees with different tiers, including flat fees, may end up paying a higher fee than as set forth in this brochure as a result of fluctuations in the amount of the Client's assets under management and/or account performance.

There are certain other fee schedules that are no longer offered to new Clients or are only offered to a limited number of Clients, depending on their individual circumstances. There are also other fee schedules that may apply to certain Portfolios in the Programs referenced above.

Any increase in the Advisory Account Fee will be agreed upon, in writing or, if allowable under the applicable Advisory Agreement, upon prior written notice to the Client. We (and/or Stifel) may, however, determine to lower any portion of the

Advisory Account Fee at any time, without notice to the affected Client(s).

### **Calculation of Advisory Account Fees**

The Advisory Account Fee is generally due quarterly in advance. The initial fee for each account is charged in full as of the effective date of the Advisory relationship relating to that account (see the discussion under **Processing Guidelines for Advisory Accounts** above), in each case based on the account's opening market value. In calculating the annual Advisory Account Fee (or any partial period thereof), we assume a 360-day annual period. For the initial fee, the period for which the fee relates is the effective date through the last day of the calendar quarter in which the account is opened and is prorated accordingly. Thereafter, the fee is based on the account's closing market value on the last business day of the previous calendar quarter. The fee is generally due on the business day following the assessment day.

For most Programs in this brochure, the two components of the Advisory Account Fee (i.e., the Stifel Fee and the related Product Fee(s)) are assessed as of the same day and, thereafter, are due on the same day. However, for the Custom Advisory Portfolio Program, the Stifel Fee is due quarterly in advance, while Product Fees payable to any third-party Adviser are due quarterly in arrears. *Notwithstanding the two payment dates, however, each portion is calculated based on the value of the account as of the same date – the account's closing market value as of the last business day of the previous calendar quarter (or in the case of a new account, as of the previous day's closing market value).*

In valuing assets in all Client accounts held at Stifel, Stifel relies on publicly recorded information, uses various vendor systems that it has reviewed and reasonably believes to be reliable, and/or relies on valuations provided by the entities holding assets and/or accounts that are part of a Client's Advisory relationship (such as, for example, administrators or other service providers to hedge funds or other private funds in which our Clients are investors or other brokerage firms, banks, or other entities serving as qualified custodians of our Client assets). For assets held at Stifel, if prices are unavailable, Stifel determines prices in good faith to reflect an understanding of the assets' fair market value. Once the Advisory Account Fee is assessed and deducted, neither Century nor Stifel adjusts fees for fluctuations in value during the quarter due to market conditions. However, *with respect to accounts held in custody at Stifel*, Stifel will charge a prorated fee on additional contributions made during a quarter and/or issue a rebate to you for withdrawals from your Account, to the extent such additions or withdrawals are valued at more than \$25,000 and would generate a prorated quarterly fee or rebate of more than \$25. In each case, the fee addition and/or rebate will be calculated based on the number of calendar days remaining in the quarter. Stifel may, in its sole discretion, make changes to these thresholds at any time, without notice to you. In certain limited circumstances (such as with respect to accounts subject to a flat-fee arrangements, or accounts held with other custodians, etc.), Stifel will neither charge a prorated fee on intra-quarter contributions nor provide a rebate on intra-quarter withdrawals from the Account.

### ***Fee Householding***

You may request to household eligible Advisory accounts held at Stifel (that is, combine multiple eligible Advisory accounts for purposes of calculating the Stifel Fee in order to qualify for available lower fee tiers in each Program). Fee house-holding can result in lower overall fees if the aggregate household value is high enough to qualify for lower fee tiers in the applicable Programs. You can fee household eligible Advisory accounts across multiple Programs. *You should note, however, that it is your responsibility (not Stifel's or Century's) to determine whether you have multiple eligible Advisory accounts that could be house-held and potentially result in lower overall fees to you.* You should also note that special tax rules apply to the inclusion of IRAs and Keogh plans in a household (you should contact your tax advisor for more information), and that Stifel will **not** accept requests to combine retirement accounts subject to ERISA with non-retirement accounts into a single fee household. You should contact your Financial Advisor(s) for more detailed information about fee house-holding Advisory Accounts, including whether your accounts are eligible to be grouped into a fee household for this purpose.

### ***Deduction of Advisory Account Fees***

Unless otherwise agreed to in the Advisory Agreement, the Advisory Account Fee is automatically deducted each quarter from available cash or cash equivalents, including money market funds, in your Advisory account on the billing date. Per the direction in our Advisory Agreement with you, where necessary, Stifel rebalances or liquidates sufficient securities in your account to generate sufficient funds to cover the fee in the following order: first, Stifel liquidates mutual fund positions, followed by equities securities (including ETFs), unit investment trusts, corporate bonds, municipal bonds, and any other securities. You should note that incidental, special, or indirect damages (including, but not limited to, lost profits, trading losses, or tax consequences) may be incurred in the account as a result of such rebalance or liquidation to pay for fees. You (not Stifel) are responsible for any such damages or losses.

In addition, subject to the agreement between us, other permissible fee payment options may include:

- ***Letter of Authorization ("LOA"):*** Pursuant to an LOA, the Advisory Account Fee may be deducted from a separate account of the same Client on the billing date each quarter. If the designated account has insufficient funds, we reserve the right to automatically debit the Advisory account to collect the amount due.
- ***Client Invoice:*** In certain limited cases (such as where a client's account is held at another custodian), Clients may request to receive an invoice on the billing date each quarter and agree to remit the fee payment promptly. If the fee payment is not received within a reasonable time, we reserve the right to automatically debit the Advisory account to collect the amount due. If the fee payment is debited from a qualified plan and funds are received thereafter, the receivable shall be considered a contribution.

### ***Terminations; Refund of Fees Upon Termination***

In the event of a termination, you generally will receive a pro rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter of termination. However, we reserve the right to retain pre-paid quarterly fees if the Advisory Agreement is terminated at any time within the first quarter of the first year of service (for example, where a Client opens an Advisory account, executes multiple trades at no transaction costs, then seeks to close the Advisory account before the end of the calendar quarter). If you provide liquidation instructions at the same time as your termination request, we (or Stifel) will liquidate those positions at no additional cost to you as part of terminating your account from the Advisory relationship. However, any liquidations processed **after** your account has been fully terminated from an Advisory Program and converted into a regular brokerage arrangement will be subject to customary transaction fees. We will treat the receipt of any account transfer instructions from you as termination of your Advisory relationship with us with respect to that account (once we have received notice and have had reasonable time to act on the notice). Any liquidations to facilitate the transfer of your account to another institution will be undertaken in our (and Stifel's) capacity as a registered broker-dealer. Terminations instructions are processed as promptly as possible following receipt by Stifel's processing staff; however, you should note that certain Advisers (particularly Advisers with complex strategies and/or securities with limited liquidity) require advance notice of termination. You should review each applicable Adviser's disclosure brochure for applicable information.

### ***Compensation in Connection With the Termination of a Client's Relationship With Stifel***

Although we do not charge additional fees in connection with the termination of an Advisory Agreement, if a Client elects to distribute or transfer all of the assets from an account held at Stifel to an account at another financial institution, the Client will be charged a \$100 account transfer fee.

### ***Unsupervised Assets***

If a Client's account includes "unsupervised assets" that are excluded from billing (which may include, but are not limited to, positions in our parent company stock, Stifel Financial Corp. (SF), or other assets that are deemed ineligible for the Program in which the account is enrolled but are permitted to be held in the account as an accommodation to the Client). Clients should note that any such unsupervised assets are not considered part of our Advisory relationship. *Both our firm and Stifel specifically disclaim any fiduciary obligations with respect to unsupervised assets held in a Client's Advisory account.* This means that we do not undertake to monitor any such assets even though they are held in the Advisory account. The unsupervised assets are held in the account at Client's direction and solely as an accommodation to the Client. Clients can request a list of the unsupervised assets held in their accounts at any time, without charge, from their Financial Advisor.

### ***Other Fees and Expenses Not Included in the Advisory Account Fee:***

The Advisory Account Fee does not include the fees, charges, and expenses outlined below. If applicable, you will be

separately charged said fees, charges, and expenses in addition to the Advisory Account Fee. If an investment product purchased for the benefit of your account is offered by a prospectus or other offering document, you should review the information about the related fees, charges, and expenses is set forth in such prospectus or other offering document.

*Fees and Expenses Associated With Trades Executed By Investment Managers Away From Stifel*

Each Investment Manager (including Connect Advisers) that manages all or a portion of a Client's Advisory account retains the authority to determine the execution venue for transactions in the Client accounts. As such, Investment Managers may determine to execute trades through other broker-dealer(s) (known as "trading away") if the Investment Manager determines, in its sole discretion, such trades would be in the best interests of the affected Clients, such as to satisfy its best execution obligations. An Investment Manager may trade away for a variety of reasons, the type of securities that the Investment Manager is buying or selling, or because the Investment Manager is aggregating Stifel Client trades with other non-Stifel client accounts (as further explained below), or for some other reason determined in the sole discretion of the applicable Investment Manager. If an Investment Manager trades away from Stifel, impacted Clients may incur additional execution costs for the trade.

You should ask your Financial Advisor about the Investment Manager's trading away practices before selecting, or while reviewing, a particular investment strategy. You should also review each applicable Investment Manager's Form ADV Part 2A Brochure for specific information about that Investment Manager's trade-away practices.

***If additional execution costs (whether as a commission or markup or markdown) are incurred, the Client will be responsible for such execution costs in addition to the Advisory Account Fee.*** Additional information about Investment Manager trade-away practices is provided below in the section "Brokerage Practices" of this brochure.

*Other Excluded Fees and Expenses*

In addition to the Advisory Account Fee, Clients will also be responsible for and separately bear (i) the cost of any fees or expenses assessed to their investments or account by third parties (or by Stifel in order to pay such third parties), and (ii) other fees and expenses set forth below:

- Brokerage commissions, markups, markdowns, spreads, and odd-lot differentials on transactions directed by an Investment Manager and effected through or with a broker and/or dealer other than Century and Stifel (that is, costs relating to trades away from Stifel).
- To the extent allowed in the account, markups and markdowns on agency cross trades or principal transactions effected by an Investment Manager through or with us (prices at which securities are purchased in principal transactions from other dealers and executed by us acting as agent will be computed by other dealers in the customary manner based on the prevailing inter-dealer market price).

- Any interest expense charged to an account (or to related accounts in connection with the account's assets), including, but not limited to, margin interest charged in respect of any direct or cross-collateralized margin loans.
- The entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (excluding Stifel) involved in a distribution of securities.
- Exchange fees, transfer or other taxes, and other fees required by law, including (but not limited to), taxes or fees imposed by any foreign entity in connection with securities transactions in the account.
- Account, third-party administration, and/or termination fees associated with external qualified retirement plans (including IRAs).
- "Pass-through fees" charged by third parties with respect to any securities relating to the portfolio, including, but not limited to, pass-through fees charged (including any wire charges or conversion fees) in connection with ADRs by the sponsors of such ADRs as custody-related expenses.
- Wire transfer fees (including those associated with alternative investment transactions).
- Fees or expenses related to trading in foreign securities (other than commissions otherwise payable to Stifel).
- Fees, charges, or other costs and expenses related to collective investment vehicles, such as closed-end funds, mutual funds, ETFs, index funds, unit investment trusts, REITs, or other investment vehicles, such as private funds (including, but not limited to, annual operating expenses, portfolio management, distribution and marketing, early redemption fees, or similar fees, in each case as outlined in the individual fund prospectus, private offering memorandum, or similar document).
- Fees or expenses associated with preparing and/or filing tax forms in connection with privately-issued securities (including, but not limited to, Form 990T for IRAs).
- Any other costs associated with products or services not specifically included in the services described in the applicable Advisory Agreement, but set forth in the Stifel Account Agreement and Disclosure Booklet.

***Each Client should carefully consider the overall cost when selecting a Program or Portfolio.***

**ADDITIONAL INFORMATION ON FEES AND OTHER COMPENSATION**

**Compensation to Financial Advisors**

We remit a percentage ("Payout Rate") of the Stifel Fees and, if applicable, commissions from Clients to our Financial Advisors. Payout Rates generally range from 59% to 100%, with an average of around 72%; the applicable percentage paid to your Financial Advisor will depend on your Financial Advisor's employment agreements and arrangements with us and the total amount of revenue your Financial Advisor generates from all clients (including brokerage clients). This percentage may be

increased prospectively, depending on the total revenue the Financial Advisor has generated.

Some Financial Advisors are eligible for special incentive compensation and other benefits based on client assets (including assets held in Advisory accounts) and the total revenue generated (including the Stifel Fees). These incentives and benefits can be in the form of recruitment and/or retention bonuses, and forgivable loans. These incentives and benefits generally increase as a Financial Advisor brings more client assets to the firm, and generates more revenue for Stifel and our firm.

Financial Advisors are also eligible to receive other benefits based on the revenue the Financial Advisor generates from sales of products and/or services to clients (including Advisory services). These benefits include recognition levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other noncash compensation that generally increase in value as the revenue the Financial Advisor generates increases. Such benefits also include equity awards from our parent company, Stifel Financial Corp. (SF), and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a Financial Advisor to grow his or her securities practice). These benefits can create an incentive for a Financial Advisor to recommend certain transactions, products, and services over others in order to obtain the benefits.

Some of our Financial Advisors also serve as branch managers or in other positions with supervisory responsibility over other Financial Advisors. In such cases, we also compensate them for their supervisory activities based on revenues generated by other Financial Advisors supervised. When a supervisor is compensated based on sales of the person he or she is supervising, the supervisor has an incentive to allow and/or encourage the supervised person to recommend investments that generate greater compensation for the supervised person and, thereby, the supervisor. The particular compensation arrangements between a Financial Advisor and his or her branch manager or other supervisor can also create incentives for the Financial Advisor to recommend transactions, investment products, and services that generate greater amounts of revenue for us, the branch manager, and the Financial Advisor.

In general, Clients should note that their Financial Advisor's compensation creates a potential material conflict of interest for such Financial Advisor to provide Clients with recommendations and advice that result in his or her receipt of greater compensation and benefits.

#### **Certain Compensation in Addition to the Advisory Account Fee**

Our firm, Financial Advisors, Stifel, and other affiliates may, from time to time, receive additional compensation in connection with certain types of assets in which Clients' Advisory accounts are invested, as discussed in more detail below. *To the extent received in connection with Advisory accounts, this compensation is in addition to the Advisory fee that you pay to us for the investment advisory services.* **The**

**receipt of such additional compensation presents a conflict of interest for us as it creates an incentive for our Financial Advisors to recommend investment products based on the compensation received rather than solely based on your investment needs.** You have the option to purchase investment products that we recommend through brokers who are not affiliated with us.

#### ***Brokerage Commissions***

For all fee-based Programs, the Stifel Fee includes the costs associated with our (and/or Stifel's) execution services, as well as Stifel's clearing services. We generally do not charge separate brokerage commissions (including markups or markdowns) for trades that we and/or Stifel execute for wrap accounts in the Programs covered in this brochure, unless disclosed to the affected Client (such as in the Advisory Agreement or its schedules and addendums, or in other applicable documents). However, the majority of our Financial Advisors are authorized to provide both brokerage and Advisory services to clients. As a result, Financial Advisors may effect securities transactions for commissions in connection with brokerage accounts, including brokerage accounts that you own in addition to your Advisory accounts.

#### ***Compensation From Funds***

If you invest in mutual funds, ETFs, closed-end funds, UITs, and/or money market funds (collectively referred to as "Funds"), you will bear your proportionate share of each Fund's fees and expenses, including, but not limited to, investment management fees and performance-based compensation paid to the Fund's investment adviser, fees paid to service providers, transaction costs, and other operating costs. Each Fund's fees and expenses are included in the price of a Fund's shares, are described in the Fund's prospectus or other offering document, and are in addition to the Advisory fee you pay in the Programs.

When structuring the Programs, Stifel determines the Funds that will be made available in the Programs. Funds typically offer multiple share classes, each with different levels of fees and expenses. The share classes of Funds available through the Programs may not necessarily be the least expensive share classes, and will depend on Stifel's agreement with the Fund companies and their affiliates. Other Funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the Funds and share classes that Stifel makes available through the Programs. For example, there may a share class of a Fund available through the Programs that does not include the additional compensation discussed below. These other Funds and share classes may be available through other financial intermediaries, or directly from the Funds themselves. Because each share class of a Fund with multiple share classes generally invests in the same portfolio of assets, an investor who holds a less-expensive share class of the Fund will pay lower fees and expenses over time – and earn higher investment returns – than an investor who holds a more-expensive share class of the same Fund. Stifel generally strives to invest client assets in the least expensive share class, interest, or CUSIP that is made available to it and for which the Advisory accounts are eligible – for this purpose, such share class, interest, or CUSIP will be referred to as "advisory" share classes). For

example, Stifel has entered into agreements with various Funds pursuant to which Stifel and our Financial Advisors have access to “advisory” share classes of such Funds, and Stifel able to convert “non-advisory” share classes into an “advisory” share class. However, certain Funds may not offer “advisory” share classes, or may not allow Stifel to make the “advisory” share class available to certain Programs (e.g., the Stifel Vantage Program). Moreover, Stifel may allow a limited universe of legacy “non-advisory” share classes to be held in some of Advisory accounts for a period, pending a conversion into the appropriate “advisory” share class. In addition, Funds may offer new share classes with lower fees or expenses or change the investment minimums or other restrictions for certain share classes. Where this occurs, Stifel will determine, at its discretion, whether and in what manner to offer those share classes in the Programs.

Stifel considers various factors, including the costs to operate the Programs and compensation received from Fund companies and/or their affiliates, in deciding which Funds and share classes to make available in the Programs. You should expect that Stifel and/or Century will receive certain payments from Fund companies and/or their affiliates in connection with your investment in a Fund, and that amounts we receive will depend on the share class, interest, or CUSIP you hold. The additional compensation varies between Funds, poses a conflict of interest, and can influence the selection of Funds and share classes we make available through the Programs. We (including Stifel) seek to address this conflict of interest by disclosing it to you, as well as through policies designed to ensure that the fees we charge are fair and reasonable. If we did not receive this additional compensation, you should expect that we would charge higher fees or other amounts to you for the services we provide. In addition, Stifel is not obligated to negotiate more favorable terms with Funds or, except as otherwise described below, to rebate any portion of the additional compensation received. You should carefully consider this compensation, in addition to the Advisory fee you pay in the Programs, when evaluating the reasonability of our fees and the total compensation that our firm and Stifel will receive for providing you these Advisory services.

In each Program, you should expect that we (and/or Stifel) receive various fees and compensation with respect to your investments in Fund shares, including (but not limited to):

- (i) *Omnibus Fees*: A number of Fund companies and/or their affiliates compensate Stifel for providing record-keeping and related services associated with Fund shares held in client accounts (both brokerage and Advisory). Stifel processes some fund transactions with Fund companies on an “omnibus” basis, which means Stifel consolidates clients’ trades into one daily trade with the Fund, and therefore maintains all pertinent individual shareholder information for the Fund. The compensation for these services is commonly referred to as “omnibus fees.” For traditional omnibus trades, we receive omnibus fees that typically range from 2 to 15 basis points or \$8.00 to \$19.00 per position per year. For super-omnibus trades (i.e., those involving trades for multiple Programs), we receive a blended rate that is typically around 23 basis point for no-

transaction fee Funds and 4.5 basis points for transaction fee Funds. Not all Fund companies pay omnibus fees, and the omnibus fees that we receive vary by Fund company, by Fund, and by share class. Any omnibus fees paid to our firm are paid from investor assets in the Funds, but in some cases may be subsidized in part by affiliates or the distributor of the Funds. Where we receive omnibus fees from a Fund company or its affiliates, we generally receive omnibus fees with respect to all share classes of the Fund held by our clients, including (for example), “advisory” share classes held in our Client accounts, but not necessarily in the same amounts. We do not require our Financial Advisors to recommend Funds that pay omnibus fees; additionally, to mitigate the conflict as to Fund and share class recommendations, Stifel does not share any omnibus fees received with respect to Funds with our firm or our Financial Advisors. Moreover, Stifel rebates omnibus fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with Advisory non-retirement accounts, omnibus payments are in addition to the Stifel Fee earned directly from the relevant Clients invested in those Funds.

- (ii) *Networking Fees*. Fund companies that are not traded omnibus are traded on a networked basis, which means Stifel submits a separate trade for each individual client to the Fund companies and therefore maintains certain elements of the shareholder information. Such Fund companies and/or their affiliates may compensate us for maintaining shareholder information, which the Fund companies would otherwise be required to maintain themselves. We receive networking fees that typically range from \$5.00 to \$12.00 per position per year. Not all Fund companies pay networking fees, and networking fees that Stifel receives vary by Fund company, by Fund, and by share class. Any networking fees that Fund companies pay to Stifel are deducted from the Fund’s assets, but in some cases may be subsidized, in part, by affiliates or the distributor of the Funds. As with omnibus fees, to the extent received, Stifel will generally receive networking fees with respect to all share classes of the Fund held by all client purchasing such shares through Stifel, including (for example) “advisory” share classes held in our Client accounts, but not necessarily in the same amounts. We do not require our Financial Advisors to recommend Funds that pay networking fees to Stifel; additionally, to mitigate the conflict as to Fund and share class recommendations, Stifel does not share any networking fees received from Funds with our firm or our Financial Advisors. Moreover, Stifel rebates networking fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with Advisory non-retirement accounts, networking payments are in addition to the Stifel Fee earned directly from the relevant Clients invested in those Funds.
- (iii) *12b-1 Distribution Fees (“12b-1s fees”)*. 12b-1 fees are generally paid by Funds to compensate Stifel and our Financial Advisors for providing distribution-related, administrative, and informational services, as applicable, associated with each Fund. 12b-1 fees are included in the

“annual operating expenses” or “expense ratio” charged and reported by each Fund, and are deducted directly from the Funds automatically. In general, we seek to make available share classes that do not have any associated 12b-1 fees in Programs covered by this brochure. There may, however, be some Funds available through the Programs that have 12b-1 fees due to share class availability. To the extent received, we and/or Stifel generally rebate back to the Client, any 12b-1 fees received in connection with Fund shares held in Advisory accounts, but only to the extent that such 12b-1 fees relate to the period during which the account has been enrolled in one of Stifel’s Advisory Programs.

(iv) *Marketing Support and Revenue-Sharing Payments.* We and/or Stifel receive revenue-sharing payments from the assets of the Fund manager or its affiliate (and not the Fund) providing ongoing marketing, training, and education to our Financial Advisors with respect to the Fund sponsor or its products. Revenue-sharing payments, which typically range from 2 to 10 basis points on assets under management and can be up to 10 basis points on new sales, do not directly reduce the amount invested by an investor. Not all Fund managers or affiliates make revenue-sharing payments to us, and the revenue-sharing payments we receive vary between Fund companies. Revenue-sharing payments may include fixed payments, payments based on the total assets placed by Clients at a Fund company or in a particular Fund or Fund share class (i.e., a percentage of total client purchases, both brokerage and Advisory), or a combination of the two. Because the amount of revenue-sharing payments we receive can vary between Funds or share classes of a particular Fund, we have an incentive to recommend to you a Fund (or a share class of a particular Fund) that pays us a higher amount of revenue sharing than another Fund or share class. We seek to mitigate this potential conflict through a number of measures, including, as described above, the manner in which we make share classes available. In addition, our Financial Advisors do not directly share in any revenue-sharing payments that Stifel receives, and we do not require our Financial Advisors to recommend Funds providing revenue-sharing payments to Stifel. Moreover, Stifel rebate revenue-sharing fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with Advisory non-retirement accounts, marketing and revenue-share payments are in addition to the Stifel Fee earned directly from the relevant Clients invested in those Funds.

(v) *Training and Education Expense Contributions:* Fund companies and/or their affiliates may pay all or a part of the cost of particularized and/or firm-wide training education programs and seminars for our Financial Advisors. For example, a Fund company might host events for Financial Advisors designed to provide training and education about their Funds and products. In doing so, they agree to bear the cost (or part of the cost) for our (and Stifel’s) Financial Advisors and other personnel to attend the events. The amounts paid by Fund companies vary, and Stifel does not require any Fund company to host, participate in, or

contribute to the costs of these events as a condition of making a Fund company’s Funds available on the Stifel platform. A Financial Advisor’s attendance and participation in these events, as well as the increased exposure to Fund companies who sponsor the events, may lead the Financial Advisor to recommend Funds of those Fund companies as compared to Funds of Fund companies that do not sponsor these events.

(vi) *Fees Received By Our Affiliates for Providing Services to Funds:* Some of our affiliates serve as investment adviser or model providers, or provide other services to various Funds that are made available in some Programs. Our Financial Advisors may recommend and/or purchase these Funds to or for Advisory Clients where allowed in a Program. If our affiliate provides services to a Fund that is purchased or held in a Client’s Advisory account, the affiliate generally will receive fees (or a share thereof) from the Fund and/or its affiliates in connection with the Client’s investment in the Fund, even though the Client’s investment in the Fund is also subject to Stifel Advisory Account Fees). *Our firm, Financial Advisors, and Stifel do not directly share in any of the fees received by our other affiliates for their services to these Funds.* However, as part of an affiliated group, we and Stifel may receive indirect benefits from such compensation through our parent company. Stifel may limit the purchase of such Funds in any Advisory Programs at any time, in its sole discretion. If a Client’s retirement Advisory account invests in such a Fund, Stifel rebates an amount representing the fee or other compensation or affiliate receives in connection with the *Client’s Advisory retirement account’s investment in the Fund, subject to the limitations discussed below.* Stifel may also decide, in its sole discretion, to provide similar rebates to non-retirement accounts in discretionary Programs if such Funds are otherwise allowed in the relevant Program. Stifel generally will not provide rebates for Funds held by non-retirement accounts in our non-discretionary Programs. Clients should understand that rebates are calculated retroactively, based on the value of the Fund shares held in the Client account as of a pre-determined date (typically, as of the last business day of the calendar month), and are credited back to the account one quarter or more in arrears (without interest). Moreover, Stifel’s rebating process applies only to Funds held in the Client’s account as of the first business day of the calendar month and assumes that such Funds are held for the entire month. *As such, an Advisory account that purchases a Fund on a day other than the first business day of the calendar month will not be eligible for the rebate with respect to the fees and compensation our affiliates earn with respect to the Fund for that month.* Similarly, *an Advisory account that sells a Fund prior to the last business day of the calendar month will receive a month’s rebate based on the assumption that the Fund was held for the entire calendar month even though it was not.* Our policies and procedures require that our Financial Advisors purchase and sell interests in Funds, or recommend that a Client purchase or sell interests in Funds, at times when it is appropriate for the Client to do so, based on the Client’s investment objectives and needs, and

not to avoid rebating compensation the Firm's affiliates receive in connection with such investments.

Funds generally are sold by prospectus or other offering document only. The prospectus or other offering document contains important information about the specific Fund being offered and should be reviewed carefully before investing. Any compensation set forth above that we receive from Fund companies and/or their affiliates is derived, directly or indirectly, from fees that investors pay to the Funds. The amount of compensation received will vary depending on Stifel's arrangement with the applicable Fund company. Each Fund's prospectus typically describes the amount of compensation to be paid for specified services provided to its shareholders. If such payments are received in connection with shares held in Advisory accounts, the Fund companies will continue to pay us for such shares for the duration of the Advisory arrangement and, in some circumstances, may extend payments beyond the termination of the Advisory Agreements if Clients continue to hold Fund shares through brokerage accounts held at Stifel. A listing of the types and ranges of compensation that we receive from various Fund companies is also available under the Important Disclosures section of [www.stifel.com](http://www.stifel.com). We highly encourage all Clients to review this information carefully.

#### **Compensation From Other Products**

From time to time, Client assets may be invested in other products with respect to which our affiliates receive compensation. For example, a number of our affiliates (including Affiliated Advisers) receive licensing and other fees from ETFs for which the affiliate provides the constituent index or other services. Such licensing and other fees depend on the amount of assets invested in the ETF and the amount of shares outstanding, including (but not limited to) investments made and shares held through our Advisory Programs. Our affiliates also issue investment products, such as brokered CDs which are made available for purchase on Stifel's platform. Stifel may limit the purchase of such products in our Programs at any time, in its sole discretion. If such products are allowed in an Advisory Program, Stifel rebates an amount representing the pro-rated fee or other compensation received (if any) by our affiliate in connection with those products held in *Clients retirement accounts*. Stifel may also decide, in its sole discretion, to provide similar rebates to non-retirement accounts in discretionary Programs if the products are allowed in such discretionary Programs. However, Stifel generally will **not** provide rebates for such products held by non-retirement accounts in our non-discretionary Programs. Clients should understand that rebates are determined retroactively, based on the value of the product (e.g., fund shares) in the Client account as of a pre-determined date (typically at month-end), and are paid a quarter or more in arrears (without interest). Moreover, Stifel's rebating process only reviews whether a product is held in Advisory accounts as of the beginning of the month and, thereafter, assumes that each such product is held (or not held) in the account(s) for the remainder of the month. *As such, an eligible Advisory account that purchases a product other than on the first business day of the month will **not** receive any rebate for that month and, similarly, an eligible Advisory account that sells a product in the middle of the month will receive a rebate for the entire month even though the position was only held for part of*

*the month*. Notwithstanding, some investment products (e.g., brokered CDs) may not have any imbedded fees that can be rebated back to the Client, even where such products are held in an Advisory account. Clients should carefully consider any and all disclosures provided in connection with transactions in such products. Clients investing in Stifel brokered CDs authorize deposits in Stifel Bank & Trust, Stifel Bank, Stifel Trust Company, N.A (each a "Stifel Bank") and acknowledge the benefits that Stifel, Stifel Bank, and the Financial Advisor derive from the Stifel brokered CDs as disclosed in applicable offering documents. With respect to retirement accounts, such deposits will bear a reasonable rate of interest as required by 29 C.F.R. Section 2550.408b-4(b)(2). Please contact your Financial Advisor for additional information.

#### **Interest and Similar Compensation**

To the extent that the automatic sweep option for available cash in a Client's taxable account is set to one of Stifel's insured bank deposit programs, we may (depending on the type of account) receive fees from participating banks in the program in connection with such Client funds. The fees (if any) that we receive are intended to, among other things, reimburse for the costs that we incur in connection with such program. However, from time to time, the fees that we receive and retain may be more or less than the actual costs incurred.

As discussed elsewhere in this brochure, we do not allow Advisory accounts to use margin except in limited circumstances. With respect to any such margin transactions, Client accounts that are specifically approved to engage in such margin transactions should note that we charge interest on the amount borrowed and, if the proceeds are used to purchase securities in the Advisory account, Advisory Account Fees are based on the market value of the account without regard to the amount borrowed. *The Advisory Account Fee will not be reduced by the value of any interest or similar payments received from Clients in this regard*. Each Client is strongly advised to carefully review the impact (including the long-term effects) that each of these practices will have on their overall account.

Finally, to the extent that a Client uses Advisory assets as collateral for loans taken from our affiliated bank ("Credit Line Loans"), we and/or Stifel typically (but not always) receive a fee (expressed as a percentage of the outstanding loan balance) from the applicable affiliated bank for the duration of the loan. To the extent received, the Financial Advisor receives a portion of any such fees. These payments present a material conflict of interest for us, as they create a financial incentive for the Financial Advisor to recommend such Credit Line Loans on the basis of the additional compensation to be received. Additional information about Credit Line Loans is provided under the section "Brokerage Practices" below.

#### **Float**

As set out in the section "Cash Sweep Program" below, if Stifel serves as custodian of your assets, uninvested cash in your account will generally be swept in accordance with the sweep option for the account. If we receive a cash deposit from you before the close of business on a day in which the NYSE was open, Stifel will credit the deposited funds to your sweep



account as of the end of the next business day; if you deposit a check, Stifel will credit the funds to your sweep account as of the end of the second business day following deposit. If we receive deposits after the close of business on a day in which the NYSE was open or on a day the NYSE was closed, Stifel will consider the funds *received* the following business day and will credit to your sweep account consistent with the timeline discussed above. As such, depending on the time that cash is received, we (or Stifel) may earn interest or receive other benefits (referred to as “float”) during the interim period between when funds are received in our firm account and the time Stifel credits those funds to your cash sweep account. Similarly, if you are withdrawing money from your account (or we otherwise issue funds to you) by check or an ACH payment, we (or Stifel) will generally earn float on those funds until you have cashed the check or the ACH payment has settled. We (and Stifel) retain any float earned (generally at Federal Funds Rates) during any of these periods.

#### ***Revenue-Sharing and Other Compensation Arrangements With Private Investment Funds or Their Sponsors***

We may allow certain Financial Advisors to recommend investments in Stifel-approved private investment funds with respect to accounts invested in certain Advisory Programs. From time to time, Stifel may enter into revenue-sharing and other compensation arrangements with such private investment funds (or the managers or sponsors of such private funds) with respect to our Clients’ investments in such private investment funds. For example, Stifel may enter into placement agent agreements pursuant to which Stifel and/or our Financial Advisors receive upfront and/or ongoing placement fees from private investment funds, or their agents or affiliates as compensation for recommending and/or selling shares or interest of the fund to clients. In certain cases, the fees received from such private investment funds may be in addition to, and in other cases, in lieu of, the Stifel Fee otherwise chargeable with respect to the investment. To the extent that Stifel and/or our Financial Advisor receive placement fees and/or have a revenue-sharing or other compensation arrangement with respect to private investment fund shares or interests purchased in an Advisory account, the affected Client will typically receive, at or prior to the time the investment is made, disclosures relating to the fees and compensation that our firm, Stifel, and/or the Financial Advisor will receive in connection with the investment (including, to the extent applicable, any ongoing payments to be received in connection with the investment). Clients should carefully consider such arrangements in determining whether to implement a Financial Advisor’s recommendations relating to private investment funds.

#### ***Training and Education Expense Contributions From***

***Advisers.*** Advisers (Independent or Affiliated) may pay for all or part of the cost of particularized and/or firm-wide training and education programs and seminars for Financial Advisors or other Stifel personnel. For example, an Adviser might host events for Financial Advisors designed to provide training and education about the Adviser and its strategies and agree to bear the costs for our Financial Advisors and other personnel to attend these events. The amounts paid by Advisers vary, and Stifel does not require an Adviser to host, participate in, or contribute to the cost of these events as a condition of Stifel’s making the

Adviser’s Portfolios available on our platform. A Financial Advisor’s attendance and participation in these events, as well as the increased exposure to the Advisers who sponsor these events, may lead the Financial Advisor to recommend Portfolios offered by such Advisers as compared to Advisers that do not sponsor these events.

#### ***Insurance Commissions***

In addition to being a dual registrant, our firm is also licensed as an insurance agency with various states. Some of our Financial Advisors are licensed as insurance agents and, in such capacity, are able to offer various insurance products to Clients and effect the resulting insurance transactions for separate and customary commission compensation. Clients that determine to purchase insurance products offered by our Financial Advisors should note that such products will *not* be held in our Advisory accounts, and will *not* be part of the Advisory arrangement with such Client. Our firm receives a portion of any commissions that the issuing insurance company pays with respect to insurance products sold by our Financial Advisors.

#### ***Non-Cash Compensation***

Subject to the firm’s policies, Financial Advisors may receive non-cash compensation in the form of occasional gifts, meals, tickets, and/or other forms of entertainment from third parties, including mutual fund companies (or their agents or affiliates), Advisers, insurance vendors, and/or sponsors of products that we make available for purchase to our clients.

#### ***General Disclosure on Conflicts of Interest***

As set forth above, the additional compensation associated with the Programs and/or investments described in the preceding section, to be paid to and retained by our firm (which may be shared with your Financial Advisor), Stifel, and/or one or more of our other affiliates, may present a conflict between your interests on the one hand and those of the Financial Advisor, our firm, Stifel, or our other affiliates on the other hand. This additional compensation provides an incentive to us, in exercising discretion or making recommendations for your account, to choose or recommend investments that result in higher compensation to your Financial Advisor, our firm, Stifel, or our other affiliates. For example, for certain Programs, your Financial Advisor will receive a portion of the Advisory Account Fee after paying, as applicable, the portion due to the Adviser. *As a result, our Financial Advisors may have an incentive to offer Advisory Programs in which the Advisory Account Fee is not shared with a third-party Adviser (e.g., Solutions Program) in order to receive a higher portion of the fee.* Additionally, for those Programs in which Stifel pays a portion of the Advisory Account Fee to Advisers, which tends to be less if Stifel trades the Portfolio internally than if it is Manager-Traded, Financial Advisor may have an incentive to recommend MBT Portfolios in the applicable Programs over Manager-Traded Portfolios, or Portfolios where the related Product Fee is low, in order to retain a larger portion of the Advisory Account Fee. Finally, even where you are not charged a separate Stifel Fee in connection with an investment with respect to which Stifel has a compensation arrangement with the product sponsor, a Financial Advisor may still have an incentive to recommend the investment if the compensation received from

the product sponsor is higher than the Stifel Fee that would otherwise have been charged in connection with the investment.

In these circumstances, it is our (and/or Stifel's) duty to determine that an investment made in your Account or recommended to you that results in such additional compensation is suitable for you based upon the information you have provided to us.

**It is important to note that** the services provided to you under the Programs described above may be obtained on an unbundled basis and may result in overall lower costs. You could use a commission-based brokerage account instead of a fee-based investment advisory account and/or independently retain a third-party adviser to manage your account. In certain cases, the total charges that you pay in Advisory Account Fees may be higher than the commissions that you could have been charged for brokerage-only services. There may also be cases where the Advisory Account Fees charged for Programs covered in this brochure may be higher than if you obtained the services covered by such Advisory Account Fee separately (that is, if you paid separately for advisory services, portfolio management services, trade execution, custody, and related services). Even in cases where additional compensation (such as 12b-1 fees) is rebated back to you, there may be cases where your total return on the investment would have been better in a fund/share class that did not pay such rebated compensation, where available. You should consider the value of the Advisory services provided or to be provided under each Program when evaluating fees or the appropriateness of the Advisory account in general. The combination of brokerage and Advisory services may not be available separately or may require multiple accounts and varying forms of payment. **You are responsible for determining whether a wrap fee program is appropriate for you. Therefore, you should understand the investment strategy you have selected, the types of investments to be made, and the amount of anticipated trading activity in assessing the overall cost of the Program.** Relative transaction infrequency could have a bearing on whether a wrap, asset-based fee account is more appropriate for you than a commission-based account.

#### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We (including Stifel) do not charge performance-based fees for our investment advisory services.

#### ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The Advisory services offered in this brochure are generally available to a variety of Clients, including individuals, corporations, institutions, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, other business and government entities, educational institutions, and banks or thrift institutions. However, please note that not all types of investors are eligible for each Program or each Portfolio within a Program.

You should generally select a Program or a Portfolio within a Program based on an analysis of the Portfolio's objectives and risk profile versus your particular situation and needs. In general, (i) you should consider your specific circumstances (such as age, net worth, income and liquidity needs, as well as risk tolerance) compared to the investment strategy, recommended time horizon, and risk profile for the Portfolio; and (ii) the amount that you allocate to any one Program or Portfolio within a Program should be reasonable in light of your overall asset allocation and investment goals.

#### Program Minimums

The following minimum account sizes are generally required to open an account in the available Programs outlined in this brochure. Specific minimums may vary, depending on the Portfolio that you select. Exceptions to the stated minimums can be granted in Stifel's (and, to the extent applicable, the Adviser's) discretion.

- Opportunity: Between \$25,000 and \$200,000
- Spectrum and Custom Advisory Portfolio Programs: \$50,000
- Solutions and Horizon Programs: \$25,000
- Fundamentals Program: Between \$5,000 and \$100,000
- Connect Program: \$100,000

#### PORTFOLIO MANAGER SELECTION AND EVALUATION

##### Stifel Connect Program

As set forth in the description above, as part of the Stifel Connect Program, a Financial Advisor may assist a Client in the selection of a Connect Adviser, based on the Client's goals and objectives and the Connect Adviser's investment philosophy and policies. The Financial Advisor will assist such Client in establishing the relationship with the Connect Adviser, including entering into a separate advisory agreement. Due to this separate and direct relationship with each Connect Adviser, Stifel performs limited initial and ongoing reviews of the Connect Adviser's services to the Client's account. New Connect Advisers are typically added primarily as an accommodation to new Stifel Clients that were previously invested with the Connect Adviser at a prior firm; however, Stifel may also add a new Connect Adviser for other reasons, including general business considerations. When considering whether to make a Connect Adviser available, the SMA Research unit of TPRG ("SMA Research") conducts an initial review, limited to the Connect Adviser's responses to Stifel's general investment adviser onboarding questionnaire. Based on its review, the team makes a recommendation to Stifel's TPWG as to whether or not to onboard the Connect Adviser. Thereafter, ongoing reviews are typically limited to annual reviews of regulatory status, portfolio composition, and investment performance, among other factors. Clients are responsible for carefully reviewing all information provided by the Connect Adviser to determine whether to continue with the arrangement.

##### Advisers in All Other Programs (Other Than Connect)

As further discussed in the section "*Methods of Analysis, Investment Strategies, and Risk of Loss*" below, Stifel's TPRG

conducts initial due diligence with respect to Advisers providing Portfolios made available in the other Advisory Programs, and with respect to investment companies (or family of companies) that are seeking to make their mutual funds and/or ETFs available on Stifel's platforms. Stifel's SMA Research conducts Adviser due diligence reviews, while the rest of the TPRG team focuses on reviews of Funds and ETFs. We also conduct annual due diligence reviews of Advisers on our Advisory platform; more frequent reviews are conducted if an Adviser's Portfolios are included on our separate Recommended List for separately managed accounts ("SMA Recommended List").

### **Stifel's Process for Selecting Independent and Affiliated Advisers**

Stifel generally selects Independent and Affiliated Advisers and fund managers in order to provide Clients with access to investment strategies in the major asset classes, investment styles, and methodologies that can be used to pursue the Clients' investment goals.

When evaluating potential Advisers, mutual funds, and/or ETFs for addition to the Stifel platform, generally, Stifel's TPRG personnel request and review information from the Adviser or fund manager relating to the business maturity and investment resources of the Adviser or fund manager, its ability to successfully implement the identified strategy, and the relevance of the strategy to Stifel clients. However, Stifel may also determine to add an Adviser (or one of its Portfolios) mutual fund, or ETF due to other business interests, such as (but not limited to) the entity's (or its affiliate's) overall business relationship with Stifel and/or its affiliates.

Stifel and/or Affiliated Advisers may also serve as Investment Manager for a Program or Portfolio within a Program and, in such cases, may be responsible for trading, adjusting allocations, and rebalancing Client accounts invested in such Program or Portfolio, as appropriate, as well as implementing any applicable investment restrictions, and other portfolio management decisions. Subject to fiduciary obligations, Stifel generally approves Affiliated Advisers to manage Portfolios where the Affiliated Adviser's investment style is in line with the asset class, investment style, and investment methodology that Stifel is looking to fill for the relevant Program. However, it is important for Clients to note that Stifel's due diligence processes for Affiliated Advisers is less rigorous than for Independent Advisers, and there may be times when Stifel approves and/or continues to make available an Affiliated Adviser's Portfolio which would not have been approved, or would have been terminated, if offered by an Independent Adviser.

Stifel's SMA Research staff conducts periodic due diligence reviews of Advisers, typically through a review of the investment results and portfolio characteristics, as well as a review of the Adviser's responses to our due diligence questionnaire.

Recommended Lists: As set forth above, Stifel creates Recommended Lists for mutual funds, ETFs, and SMAs. The Recommended Lists are made available to our Financial Advisors for consideration; however, we do **not** require our Financial Advisors to restrict their Portfolio or Fund

recommendations to products on the applicable Recommended List. Candidates for inclusion on any of the Recommended Lists are subject to a much higher level of review than used in determining whether to make an Adviser, mutual fund, or ETF broadly available on Stifel's platform.

- Mutual Fund Recommended List: Stifel's TPRG is responsible for creating and maintaining the Mutual Fund Recommended List, which is updated and published on a monthly basis and made available to all Stifel and Century personnel. TPRG analysts may nominate any Fund offered on Stifel's platform for Recommended List consideration. All Recommended List Candidates are subjected to TPRG's team-based, multi-step research process, which requires candidate firms to submit a Request for Proposal (RFP) response and participate in a portfolio manager interview. Fund characteristics that are considered during the review process include, but are not limited to: portfolio management personnel (professional experience/educational background/succession plan/compensation structure/personal investment), investment process/philosophy, historical performance/risk statistics, risk management process, asset level/capacity, and investment cost.
- ETF Recommended List: Stifel's TPRG also creates and maintains the ETF Recommended List using a process similar to that used for Funds. Actively managed ETF characteristics that are considered during the review process include, but are not limited to: investment firm, portfolio management personnel (professional experience/educational background/succession plan/compensation structure/personal investment), investment process/philosophy, historical performance/risk statistics, risk management process, asset level/capacity, and investment cost. Passively managed ETF characteristics that are considered during the review process include, but are not limited to: investment firm, investment process/objective, index methodology, historical performance/risk statistics, risk management process, inception date, asset level, liquidity / tradability, volume, spread, and investment cost. The ETF Recommended List is made available to all Stifel and Century personnel.
- SMA Recommended List: Stifel's SMA Research team creates and maintains the SMA Recommended List using a process similar to that used for mutual funds and ETFs. Recommended SMAs are subject to the SMA team's research process, which collects information from candidate firms through RFP documents and a portfolio manager interview. Strategy characteristics that are considered during the review process include, but are not limited to: portfolio management personnel (professional experience/educational background/succession plan/compensation structure/personal investment), investment process / philosophy, historical performance/risk statistics, risk management process, asset level/capacity, and investment cost. The SMA Recommended List is made available to all Stifel and Century personnel.

In general, the weight given by TPRG to any one factor when considering candidates for the Recommended Lists depends on the characteristics of the strategy (including its risk profile, as

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

well as TPRG's opinion of the effectiveness of the Adviser or fund manager in implementing the strategy. Clients should understand that we will not review the entire universe of Independent Advisers or unaffiliated Funds or ETFs; as a result, there may be one or more Independent Advisers or unaffiliated Funds that might be more appropriate for the Client, a Recommended List, or a Client, and that might outperform, an Adviser (whether Independent or Affiliated), mutual fund, or ETF selected for Stifel's platform, a Portfolio, or any of our Clients.

Adviser Portfolios (SMAs), Funds, and ETFs included on Stifel's Recommended Lists are subject to periodic due diligence reviews. These periodic due diligence and/or monitoring activities may include reviews of investment results and portfolio characteristics, or on-site and/or telephonic reviews with the investment and other personnel of the Advisers or Fund/ETF managers. Advisers and Funds generally report performance and other events on a quarterly basis using industry sources and databases and/or questionnaires, to which Stifel has access and reviews regularly.

### Replacing Independent and Affiliated Advisers

Stifel may consider replacing Advisers if there are substantial changes in their investment style or if Portfolio characteristics are inconsistent with Stifel's expectation for the stated style, philosophy, and policies upon which they were hired. Additionally, Stifel may consider replacing Advisers who have invested in prohibited securities, experienced material changes in their business structure, failed to abide by Client objectives and/or restrictions, failed to abide by the terms or conditions of the agreement with Stifel or any amendments thereto, and/or have demonstrated unacceptable performance. We notify all affected Clients in the event Stifel determines to replace or otherwise terminate an Adviser (or a Portfolio) from its Advisory Platform. To the extent possible, we (or Stifel) provide Clients advance notice of the termination, together with a list of potential replacements to consider. However, it is ultimately the Client's decision whether to invest with any of the potential replacements provided. We will generally terminate the Advisory status of any account that remains in a terminated Portfolio as of the stated effective time.

### Independent and Affiliated Adviser Performance Information

Stifel obtains Adviser performance information from a number of different sources. In addition, certain Advisers may provide performance information directly to Stifel, or directly to Clients. In such cases, the Adviser is responsible for reviewing the information provided. Stifel does not independently verify or guarantee that an Adviser's performance information is accurate or complete. In addition, Advisers may use different methods for calculating performance; as a result, performance information presented to Clients may not be calculated in a uniform and consistent basis. For Client accounts, Stifel typically provides performance reports to Clients on a quarterly basis. More detailed information regarding the performance reports, including calculation methodology, can be found below in the section titled "*Performance Information.*"

### Methods of Analysis and Investment Strategies

As discussed above, Stifel's TPWG is responsible for the analysis, selection, and onboarding of the Funds, ETFs, and Advisers (including their specific Portfolios) to be made generally available for purchase through Stifel. Stifel's TPRG is represented on the TPWG and provides due diligence, as requested, in support of such onboarding considerations. In selecting Funds and/or ETFs to be made available for purchase broadly at Stifel, the TPWG considers many factors, including, but not limited to, a fund's investment objectives and style, long-term performance records, and annual expense ratios (i.e., costs). From time to time, as discussed above, select Funds, ETFs, and/or Portfolios from the broad universe of those that are approved for Stifel's platform are selected by TPRG for Stifel's Mutual Fund Recommended List, ETF Recommended List, or SMA Recommended List.

In cases where Financial Advisors are directing and/or recommending specific securities or investments, they generally use information obtained from various sources including financial publications, inspections of corporate activities, company press releases, research material prepared by affiliates and/or third parties, rating or timing services, regulatory and self-regulatory reports, and other public sources. In addition, Financial Advisors may also use research provided by Stifel's research department, Stifel's internal product specialists, and/or from other sources relating to a broad range of research and information about the economy, industries, groups of securities, and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and other information that may affect the economy or securities prices. The research used may be in the form of written reports, telephone contacts, and personal meetings with research analysts, economists, government representatives, and corporate and industry spokespersons. Additional information about the various research sources that our Financial Advisors may use in connection with Advisory accounts is provided below under the section "*Brokerage Practices – Research and Other benefits.*" Our Financial Advisors use any and/or a combination of fundamental, technical, quantitative, and statistical tools and valuation methodologies. The use of these different methodologies may result in technical or quantitative research recommendations that may differ from, or be inconsistent with, fundamental opinions for the same security.

Important issues and valuation measures that Financial Advisors may consider when selecting specific equity securities for Advisory accounts may include, but are not limited to, dividend return, ratio of growth rate to price/earnings multiple, ratio of market price to book value, market capitalization to revenue ratio, relative strength, management capability and reputation, corporate restructuring trends, asset value versus market value, and other fundamental and technical analysis. With respect to fixed income securities, Financial Advisors can assist a Client to determine, or recommend to a Client, the appropriate type of

security (government, corporate, or municipal), the appropriate maturity and diversification, and the appropriate parameters that will apply to the fixed income securities to be purchased for the Client account.

In general, the Advisory services with respect to Programs offered in this brochure typically combine asset allocation and periodic rebalancing with the aim of growing and/or preserving principal. Our Financial Advisors generally assist Clients in designing portfolios with a long-term perspective, and periodically rebalance (or recommend rebalancing) the portfolios, as they deem appropriate, to manage risk.

Additional information on the investment strategies and methods of analysis used in connection with each Portfolio is available upon request to your Financial Advisor.

### **Risk of Loss**

You should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss, and you should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of your investments will fluctuate due to market conditions and other factors.

Our Financial Advisors may recommend a wide array of investments, and as discussed above, each Program and/or Portfolio covers a wide range of securities. As such, the specific type(s) of risks that each Client is exposed to will vary depending on the particular Program and/or the Portfolio in which the Client is enrolled, as well as the investments held in the Client's Advisory account. Neither our firm nor Stifel offers any guarantees that any investment recommendations made with respect to the Programs will be profitable. Moreover, Clients should note that past performance is not a guarantee of future results.

### **Material Risks**

For the Portfolios listed or referenced above, equities, ETFs, mutual funds, options, and fixed income securities are the primary investments. The material risks described below do not include every potential risk associated with the Programs and investment products, and you should not rely solely on the descriptions provided below. You should ask questions about risks applicable to particular Programs and investment products, read all product-specific risk disclosures, and decide whether a particular Program and investment product is appropriate for you based on your specific circumstances, investment objectives, and financial situation. For example, you should read the prospectus and other offering documents (or, in the case of an Adviser Portfolio, the Adviser's Form ADV Part 2A) for a full description of risks associated with particular investments. You should consider all disclosed risks associated with the types of transactions and securities involved in the Portfolio and/or product in which you are contemplating an investment, as well as the potential impact that engaging in any of the below transactions may have on the account's overall performance.

The following material risks may also be applicable to Advisory accounts invested in the Programs covered in this brochure:

**Management Style Risks:** As set forth above, a number of Stifel's Programs, including (but not limited to) Opportunity, Spectrum, Custom Advisory Portfolio, and Connect, are, or may be, managed or advised by Independent or Affiliated Advisers. In general, Stifel considers an Adviser's performance track record, among other things, during the selection process. However, an Adviser's past performance is not a guarantee of its future results; as such, its investment strategies may fail to produce the intended results.

**Model-Based Trading Risks:** As set forth above, Stifel is responsible for trading certain Portfolios provided to Stifel by the Independent or Affiliated Advisers in the applicable Programs in this brochure. When such Portfolios are provided by the Adviser, Stifel attempts to match the holdings, and to enter trades within the timeline and/or in the lots as may be directed by the Adviser; however, there may be times when Stifel is unable to execute trades in the allocations or at the prices deemed ideal by the Adviser. There may be times when Stifel is entirely unable to implement a recommendation due to restrictions applicable to Stifel in its capacity as a broker-dealer. For example, Stifel may not be able to purchase a security recommended by an Adviser because the security is the subject of a research report by one of Stifel's research analysts, or because Stifel is involved in investment banking activities with the issuer of the security or is otherwise affiliated with the issuer. In such cases, if the Adviser is unable or unwilling to provide a substitute, Stifel may determine a substitute, which may include re-allocating among existing positions, holding cash, or other alternatives that it deems reasonable. Differences in the Portfolio as implemented at Stifel and the Adviser's recommendations generally will result in differences in how our Client accounts perform relative to the Adviser's model Portfolio (which differences may at times be material). There may be times when Stifel receives trade instructions from more than one Adviser for the same security during the same day. Because Stifel's policy is to execute trades as promptly as possible after receipt from an Adviser and, to the extent possible, in the order received, Stifel will not always be in a position to aggregate trades from multiple Advisers into a single block, which may get better execution. As a result, different Client accounts in MBT Portfolios and/or other Programs may receive different intra-day prices even where such accounts have traded in the same security for the day. There may also be times when we are obligated to purchase a security for an MBT Portfolio on the same day that we are selling the security for another MBT Portfolio or other Program. Finally, Advisers that provide Portfolios to Stifel for implementation generally also provide the same Portfolios to multiple other sponsor firms or manage the client accounts of other sponsor firms enrolled in such Portfolios directly. Therefore, when Advisers communicate changes to such Portfolios to Stifel, such changes are also disseminated to multiple sponsor firms, each of whom will likely attempt to implement the changes as soon as they are received, which will generally result in increased demand for the specific securities covered by such Portfolios, which generally will increase the price at which each such security may be bought (or decrease the sale price, as the case may be). Clients should note that this

may, in turn, adversely affect the performance of their accounts. Based on all of the foregoing, Clients investing in Portfolios traded by Stifel based on Adviser recommendations should understand that the performance returns achieved by their accounts may differ (at times significantly) from the performance of the Portfolio as reported by its Adviser.

**Investment Company Securities Risks:** A number of Portfolios covered in this brochure are heavily invested in mutual funds. In addition, Advisory accounts may invest in other investment companies, including ETFs, UITs, and/or closed-end funds. Each fund in a Portfolio may be subject to a variety of risks, depending on its investment strategies and/or the securities held. For example, mutual funds that primarily hold a portfolio of small capitalization companies will be subject to small capitalization risks, which may include increased volatility and decreased liquidity (relative to large capitalization companies). Each of these investments is subject to internal fees, which affect its net asset value and reduce the return that a Client will realize with respect to the investment.

**Exchange Traded Product Risks:** Exchange Traded Products (ETPs) are types of securities that derive their value from a basket of securities such as stocks, bonds, commodities, or indices, and trade intra-day on a national securities exchange. Generally, ETPs take the form of ETFs or exchange traded notes (ETNs). ETFs are discussed above under *Investment Company Securities Risks*; ETNs are senior unsecured debt obligations of an issuer, typically a bank or another financial institution; however, ETNs are not categorized as typical fixed income products.

A number of Portfolios may invest in non-traditional ETPs. Non-traditional ETPs employ sophisticated financial strategies and instruments, such as leverage, futures, and derivatives, in pursuit of their investment objectives. Leveraged and inverse ETPs are considered risky. The use of leverage and inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Typically, these products have one-day investment objectives, and investors should monitor such funds on a daily basis. Non-traditional ETPs are generally categorized as leveraged, inverse, or leveraged-inverse:

- **Leveraged** – Uses financial derivatives and debt to multiply the returns of an underlying index, commodity, currency, or basket of assets. Leveraged ETPs may include the terms “double,” “ultra,” “triple,” or similar language in their security name/description.
- **Inverse** – Uses various derivatives to seek to profit from the decline in the value of an underlying index, commodity, currency, or basket of assets; used typically to hedge exposure to downward markets. Inverse ETPs may include the term “contra,” “short,” or similar language in their security name/description.
- **Leveraged-Inverse** – Uses swaps, futures contracts, options, and other derivative instruments to seek to achieve a return that is a multiple of the opposite performance of the underlying benchmark or index. Leveraged-inverse ETPs may

include a combination of leveraged and inverse terms, such as “ultra short,” in their security name/description.

Non-traditional ETPs are complex products that have the potential for significant loss of principal and are not appropriate for all investors. Investors should consider their financial ability to afford the potential for a significant loss. These products seek investment results for a single day only. The effect of compounding and market volatility could have a significant impact upon the investment returns. Investors may lose a significant amount of principal rapidly in these securities. Non-traditional ETPs may be volatile under certain market conditions. Investors holding non-traditional ETPs over longer periods of time should monitor those positions closely due to the risk of volatility. Non-traditional ETPs are focused on daily investment returns, and their performance over longer periods of time can differ significantly from their stated daily objective. Investors may incur a significant loss even if the index shows a gain over the long term. Non-traditional ETPs use a variety of derivative products in order to seek their performance objectives. The use of leverage in ETPs can magnify any price movements, resulting in high volatility and potentially significant loss of principal. Non-traditional ETPs may suffer losses even though the benchmark currency, commodity, or index has increased in value. Investment returns of non-traditional ETPs may not correlate to price movements in the benchmark currency, commodity, or index the ETP seeks to track. Some non-traditional ETPs may have a low trading volume, which could impact an investor’s ability to sell shares quickly. Non-traditional ETPs may be less tax efficient than other ETPs. As with any potential investment, an investor should consult with his or her tax advisor and carefully read the prospectus to understand the tax consequences of non-traditional ETPs.

**Fixed Income Securities Risks:** A number of Portfolios and/or Financial Advisors may invest in a variety of fixed income securities. Fixed income securities are subject to credit risk, interest rate risk, and liquidity risk. Credit risk is the risk the issuer or guarantor of a debt security will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations. Interest rate risk is the risk of losses due to changes in interest rates. In general, the prices of debt securities rise when interest rates fall, and the prices fall when interest rates rise. Duration measures the change in the price of a fixed-income security based on the increase or decrease in overall interest rates. Bonds with higher duration carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are very low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease, and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. High-yield debt securities (junk bonds) generally are more sensitive to interest rates. Such securities are also highly subject to liquidity risk. Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price. There are also special tax considerations associated with investing in high-yield securities structured as zero coupon or pay-in-kind securities. Municipal bonds are also subject to state-specific risks, such as changes in the issuing state’s credit rating, as well as the risk that

legislative changes may affect the tax status of such bonds. Municipal bonds may also have a call feature, entitling the issuer to redeem the bond prior to maturity. A callable security's duration, or sensitivity to interest rate changes, decreases when rates fall and increases when rates rise because issuers are likely to call the bond only if the rates are low. Investors in callable bonds are therefore subject to reinvestment risk – that is, the risk that they will need to reinvest their proceeds at lower rates. Investments in government-sponsored entity securities also exhibit these risks, although the degree of such risks may vary significantly among the different government-sponsored entity securities. Some securities issued or guaranteed by U.S. government agencies or instrumentalities are not backed by the full faith and credit of the U.S. and may only be supported by the right of the agency or instrumentality to borrow from the U.S. Treasury.

**Brokered Certificates of Deposit Risk.** Clients in certain Programs may invest in brokered CDs issued by U.S. depository institutions (each, a “CD Issuer”). These CDs are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to applicable limits, and Clients are responsible for monitoring the total amounts of deposits with any one CD issuer for FDIC guarantee limits. Brokered CDs held in Advisory accounts are subject to the Advisory Account Fee, and Clients should consider the impact of the Advisory Account Fee on the yield of any brokered CDs in their account(s). Among the risks relating to CDs are adverse changes in general economic conditions, as well as exposure to credit losses arising from possible financial difficulties of CD Issuers. Although Stifel generally seeks to select CDs of highly qualified CD Issuers that are subject to extensive governmental regulations, a CD Issuer's profitability largely depends on the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. Redeeming CDs before maturity may result in loss of principal due to fluctuations in the interest rate, lack of liquidity, or transaction costs. CDs sold prior to maturity may be worth less or more than the original purchase. Rates paid on brokered CDs may be lower or higher than the rates available directly through the CD Issuer or through a Stifel brokerage transaction. Clients should refer to the disclosures at <https://www.stifel.com/docs/pdf/Disclosures/Certificates-Of-Deposit.pdf> for additional general information regarding CDs, including terms, important investment consideration, and the extent of and limitations on FDIC insurance, and to the “*Specific Investment Product Disclosure*” Section of the [Stifel Account Agreement and Disclosure Booklet](#) for additional information regarding Brokered CDs.

**Cash Balance Risks:** Cash balances in Advisory accounts are subject to the Advisory Account Fee, and as such, it is highly likely that Clients with high cash balances in Advisory accounts will achieve negative returns on such cash balances, particularly if high levels of cash are held for extended periods. While maintaining account assets in cash may protect those assets from the risk of loss in the event of a market downturn, the interest that a Client will earn on cash held in an Advisory account will most likely be less than the applicable Advisory Account Fee. For most Clients in the Programs, the applicable sweep option is Stifel's insured bank deposit program, which pays a comparable market interest rate for insured bank programs but may have a

lower rate to unaffiliated money market funds or other cash equivalents. As a result, each Client should periodically evaluate whether maintaining high cash in any Advisory account is appropriate based on the Client's specific objectives and investment goals. In all cases, each Client should note that the Client has the option to hold the cash in a brokerage account at Stifel and/or in deposit accounts through the affiliated bank or with other banks, in which case the cash would not be subject to Advisory Account Fees.

**Derivatives Risks:** A number of Portfolios covered in this brochure may engage in derivative transactions, including, but not limited to, hedge funds, options, and managed futures products, for any purpose consistent with the Client's investment objective and/or the Portfolio in which the Client's account is invested. Generally, a derivative is a financial arrangement, the value of which is derived from, or based on, a traditional security, asset, or market index. Such transactions may be used for several reasons, including hedging unrealized gains. Hedging strategies, if successful, can reduce the risk of loss by offsetting the negative effect of unfavorable price movements in the investments being hedged. However, hedging strategies can also reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments. A Portfolio may also use derivative instruments to obtain market exposure (that is, for speculative purposes rather than hedging). A Portfolio may establish a position in the derivatives market as a substitute for buying, selling, or holding certain securities. The use of derivative transactions is a highly specialized activity that involves investment techniques and risks that may be more heightened than those associated with ordinary portfolio securities transactions. Portfolios or other accounts in various Programs may also engage in short selling. A short sale involves the sale of a security that is borrowed. Short sales expose a Client's account to the risk that it will be required to acquire, convert, or exchange securities to replace the borrowed securities (also known as “covering” the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss. An account's investment performance may also suffer if required to close out a short position earlier than initially anticipated. In addition, an account may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as margin account maintenance costs. Each Client is urged to carefully consider the impact that engaging in any of these transactions will have on the account's overall performance.

**Alternative Investments Risks:** A number of Portfolios and/or Financial Advisors may invest in a variety of alternative investments. Alternative investments, including (but not limited to) private investment funds (such as hedge funds or private equity funds), alternative mutual funds, non-traditional ETFs, managed futures products, and/or real estate (related) investments may also present unique risks, such as decreased liquidity and transparency, and increased complexity. Alternative investments typically use derivative instruments (such as, options, futures, or index-based instruments) and/or leveraging strategies. The use of derivative instruments involves multiple risks, as discussed in more detail above. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment strategy,

the investment return may also vary as a result of fluctuations in the demand and supply of the underlying commodities. Real estate-related investments will be subject to the risks generally related to real estate, including risks specific to geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others. Each alternative investment is typically subject to internal fees (including, but not limited to, management and/or performance fees), which affect the product's net asset value and reduce the return that a Client will realize with respect to the investment.

Additional risks may include style-specific risk, speculative investment risk, concentration risk, correlation risk, credit risk and lower-quality debt securities risk, equity securities risk, financial services companies' risk, interest rate risk, non-diversification risk, small and mid-cap company risk, and special risks of mutual funds and/or ETFs, among others.

**Unrelated Business Taxable Income:** Unrelated business taxable income ("UBTI") is income regularly generated by a tax-exempt entity by means of taxable activities. This income is not related to the main function of the entity, but is needed to generate a small portion of income. UBTI is typically associated with income received from investments in limited partnerships and master limited partnerships, which are required to pay out most of their profits. When UBTI of \$1,000 or more is received from investments held in a client's tax-deferred retirement account (such as an IRA), as custodian Stifel will take the necessary steps to pay the UBTI tax liability from the assets of the retirement account and will use a vendor to prepare and file the required Form 990-T with the IRS. Affected retirement accounts will incur a filing fee for each Form 990-T that Stifel files on behalf of the account. Clients with retirement accounts investing in such securities should refer to the Stifel Account Agreement and Disclosure Booklet for additional information about the processing fee charged for these filings.

**Tax-Exempt Securities Risks:** Certain Portfolios may seek to invest in tax-exempt securities, including (but not limited to) municipal bonds as well as tax-exempt mutual funds and ETFs. In order to attempt to pay interest that is exempt from federal or state and local income tax, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed to shareholders to be taxable. In addition, income from one or more municipal bonds held in the Portfolio could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service ("IRS"), state, or other tax authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws may also cause the prices of tax-exempt securities to fall. Finally, income from certain municipal bonds may be subject to the alternative minimum tax ("AMT") and/or state and local taxes, based on the investor's state of residence. In addition, as discussed in more detail under the section "*Cash Sweep Options*" below, idle cash in Advisory accounts held at Stifel (including accounts invested in "tax-exempt" Portfolios) is typically swept into one of Stifel's insured bank cash sweep programs. Any interest earned by the Client in respect of such cash balances will not be exempt from taxes.

**IRS Circular 230 Disclosure:** *Century and its affiliates, agents, and employees are not in the business of providing tax, regulatory, accounting, or legal advice. This brochure and any tax-related statements provided by Century and Stifel are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.*

**Foreign Securities Risks:** Advisory accounts may invest in foreign securities, directly or through Funds that hold a portfolio of foreign securities. Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may also be less liquid than U.S. securities, and are typically subject to currency risk. Some foreign securities also may be subject to taxes and other charges imposed by the issuer's country of residence or citizenship. Certain foreign securities may be subject to additional costs and risks. As set forth elsewhere in this brochure and/or in the Advisory Agreement, such taxes and charges are in addition to (i.e., are not included in) a Client's account fees. All these factors could affect a client's realized return on the investment.

**Frequent Trading and High Portfolio Turnover Rate Risk:** The turnover rate within certain discretionary Advisory accounts may be significant. In connection with Portfolios run by Investment Managers that engage in trades away from Stifel, frequent trades may result in high transactions costs, including substantial brokerage commissions, fees, and other transaction costs. In addition, frequent trading (whether or not through trades away from Stifel) is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory account could have an adverse effect on the cost and, therefore, the return on the Advisory account.

**Infrequent Trading/Low Portfolio Turnover Rate Risk:** Certain Portfolios (such as fixed income Portfolios) and/or accounts in the Programs covered in this brochure may trade infrequently and experience low (in some cases extremely low) turnover. As set forth elsewhere in this brochure, wrap fees charged are intended to cover various services, including trade execution. We generally assume regular trading when setting the levels of wrap fees that may be charged with respect to the Programs covered in this brochure. If a specific Client experiences low turnover in the Client's wrap account, the Client may not realize the full benefit of the wrap fee paid with respect to such wrap account. Clients are encouraged to discuss the expected and/or historical level of trading with their Financial Advisor when evaluating the cost of a proposed or existing wrap account.

**Diversification Risk:** Certain Strategies or Portfolios within Stifel's Advisory Programs may have concentration in specific asset classes, sectors, or individual securities, which could result in increased exposure to the risks that can be attributed to those specific investments. Additionally, certain Portfolios may invest in a specific investment style. As a result, clients in these Portfolios may not have access to as wide a variety of management styles as clients in other portfolios. Clients may be



invested in Portfolios that are primarily implemented using mutual funds and other funds that are managed by their affiliated companies, which may cause clients invested in these portfolios to only have access to the management style of the specific funds used to implement the Portfolio or Strategy.

**Dependence on Key Personnel:** Some of the Portfolios covered in this brochure may rely heavily on certain key personnel of Stifel or our other affiliates, and/or the personnel of certain Advisers available on Stifel's Advisory platform. The departure of any such key personnel or their inability to fulfill their duties may adversely affect the ability of the relevant Portfolio to effectively implement its investment program and, as a result, adversely impact the performance of the Advisory accounts enrolled in such Portfolio.

**Issuer Concentration Risk:** From time to time, a Financial Advisor (or a Portfolio) may take a significant position in a particular issuer; for example, a particular Financial Advisor's Clients may, in the aggregate, own more than 5% of an issuer's outstanding stock. Even where such position is spread among a number of Client accounts, the affected Clients will be more exposed to the issuer's specific risk than where our firm's (or Stifel's) aggregate position in the issuer is insignificant and/or immaterial. Such large positions may also affect the liquidity of the investment because we and/or Stifel may not be able to completely liquidate within the timeline or at a desired price if we own more than the typical daily trading volume. We are required by applicable regulations to disclose ownership of more than 5% of the total outstanding shares of certain equity securities held in the discretionary accounts. There are no similar disclosure requirements to the extent the positions are held in non-discretionary Client accounts. Clients are therefore encouraged to discuss these risks with their Financial Advisor when considering the Financial Advisor's investment recommendations.

**Dividend Reinvestment:** Clients that direct dividend reinvestment for their Advisory accounts should note that dividend reinvestment typically leads to the receipt of fractional shares. Stifel is not able to execute fractional share liquidations on an agency basis. Clients should therefore understand that where Stifel liquidates fractional shares, Stifel will purchase the fractional shares into its inventory. The price allocated to the fractional component will depend on whether the fractional shares portion can be processed on the same day as any whole shares that are part of the same liquidation transaction (in which case, the price will be the same as the market price received from the whole shares) or whether the fractional shares are processed on a different day (in which case, the price allocated to the fractional shares will be the previous business day's closing market price for the security). Stifel may benefit from (or lose money as a result of) implementing fractional share liquidation in Advisory Client accounts. In general, Clients should note that neither Century nor Stifel encourage dividend reinvestment in its Advisory accounts.

## CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

We and/or Stifel typically provide information about a Client's financial condition, investment needs, and/or investment restrictions to Advisers serving as Investment Managers on Client accounts. We may also provide annual updates (if any) to the information, or more often as available from the Client. We and/or the Financial Advisor (not the Investment Manager) are responsible for collecting data about Client investment goals and objectives and determining whether a particular Program and/or Portfolio is appropriate for the Client based on the stated goals and objectives.

Stifel generally does not provide particularized Client information to Advisers providing model Portfolios to Stifel under MBT arrangements. In MBT arrangements, Stifel (not the Adviser) is responsible for the various aspects of the client relationship.

## CLIENT CONTACT WITH PORTFOLIO MANAGERS

We strongly encourage Clients to communicate with their Financial Advisor, rather than the Adviser of the Portfolio in which the Client is invested. However, Financial Advisors generally review with the Client the available Portfolios, as well as other information relating to the Adviser for such Portfolio, and typically obtain Client consent prior to enrolling a Client in a Program or Portfolio. The information provided to each Client may include, where applicable, an Investment Manager's Form ADV Part 2A, which includes its name and contact information. In such cases, therefore, Clients have the option of contacting an Investment Manager directly. However, the foregoing does not apply to MBT Portfolios because the information provided to Clients with respect to an MBT Portfolio generally will not include the Portfolio Adviser's Form ADV. Clients in the Connect Program are direct clients of such Connect Adviser and, therefore, are encouraged to have direct contact with their Investment Manager.

## ADDITIONAL INFORMATION

### DISCIPLINARY INFORMATION

On January 9, 2014, Century entered into an Acceptance, Waiver, and Consent with FINRA to settle allegations that, among other things, (i) the firm allowed certain of its registered representatives to recommend nontraditional ETFs to customers without such representatives conducting adequate due diligence on the recommended products, (ii) the firm did not provide adequate formal training to its representatives or their supervisors regarding nontraditional ETFs before permitting such persons to recommend or supervise the sale of nontraditional ETFs to customers, and (iii) the firm failed to establish and maintain a supervisory system of controls, including written procedures, specifically tailored to address the unique features and risks associated with nontraditional ETFs, or one that was reasonably designed to ensure that the sale of such

nontraditional ETFs complied with applicable securities laws and regulations. The firm consented to a regulatory censure, a fine of \$100,000, and restitution to the six affected customers in the amount of \$136,485.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As set forth above, our firm is dual registered as an investment adviser and a broker-dealer, and is also a licensed insurance agency with various states. We also have a number of affiliates that are registered as investment advisers or broker-dealers (or both). In addition to being registered representatives of Century, some of our management persons may be registered representatives of these affiliated broker-dealers, including Stifel. Similarly, some of our management persons may be management persons of our affiliates, including Stifel and/or Affiliated Advisers. Finally, some of our management persons may be licensed to practice law in various states. These individuals do not provide legal services to Clients. Our parent company, Stifel Financial Corp., is a publicly traded company (ticker: SF). We generally prohibit our Financial Advisors from recommending the purchase of our parent company securities in Clients' Advisory accounts.

The following affiliates may be involved, directly or indirectly, in the Advisory services provided to Clients in the Programs covered in this brochure:

***Affiliated Investment Advisers and Broker-Dealers*** – As set forth above, the Programs offered in this brochure generally are available to our Clients as a result of our arrangement with Stifel. In addition to serving as Investment Manager with respect to certain Programs in this brochure (including as a research source through its Washington Crossing Advisors unit), Stifel serves as clearing broker for all transactions in Client accounts, as well as custodian of all Client assets held at Stifel. Stifel also has a number of arrangements with our other Affiliated Advisers and broker-dealers applicable to Clients enrolled in the Programs covered in this brochure. As of the date of this brochure, our Affiliated Advisers included Ziegler Capital Management, LLC (“Ziegler”), 1919 Investment Counsel, EquityCompass Investment Management, LLC, Washington Crossing Advisors, LLC, and InTyce, LLC. These Affiliated Advisers provide Model Portfolios and/or manage Portfolios on a discretionary basis in a number of the Programs. We have a conflict of interest when our Financial Advisors recommend Affiliated Advisers rather than Independent Advisers, since any Product Fees received by an Affiliated Adviser remain within the Stifel umbrella and may have a positive impact on the performance of our parent company stock (of which the Financial Advisor is likely a shareholder). Moreover, our Financial Advisors may develop close personal relationships with employees and associated persons of our Affiliated Advisers and, as a result, may have an incentive to recommend such Affiliated Advisers over Independent Advisers. To mitigate this risk, we do not pay our Financial Advisors on the basis of recommendations of Affiliated Advisers or other affiliated products. In addition, Stifel pays our Affiliated Advisers in the same range as Independent Advisers (i.e., the

Product Fee to utilize the services and/or Portfolios of Affiliated Advisers is comparable to the Product Fee associated with Independent Advisers).

***Affiliated Trust Companies*** – Our affiliated trust companies, Stifel Trust Company, N.A. and Stifel Trust Company Delaware, N.A., each provide personal trust services (including serving as trustee or co-trustee, or custodian) for individuals and organizations. From time to time, as trustee or co-trustee, these trust affiliates may open an Advisory account with us. In such cases, the fees charged by our trust affiliates are structured in a manner that is consistent with fiduciary principles to which such entities are subject.

***Keefe, Bruyette & Woods (KBW)*** – Our Financial Advisors may, from time to time, use research provided by our affiliate, KBW, in connection with the services provided to Clients with Advisory accounts. Clients are not charged for the value of such research. Stifel does not use KBW to execute Client trades or otherwise provide services to Client accounts.

***Affiliated Funds and Other Products*** – As discussed above in “Additional Information on Fees and Other Compensation,” our firm, Stifel, and our other affiliates receive compensation from Funds and other products.

***Affiliated Banks*** – In connection with the insured bank deposit programs offered as cash sweep options for our Client accounts, our affiliated banks are either the sole participating banks, or two of the top participating banks into which idle cash swept from eligible Client accounts may be swept. From time to time, Clients may also have a direct relationship with a Stifel Bank entity and hold other personal deposit and/or bank accounts at such affiliates, in which case, such Clients are solely responsible for any customary fees that are charged with respect to such deposit or other bank accounts. Furthermore, as set forth under the section “Credit Line Loans” below, our affiliated banks may compensate our Financial Advisors in connection with Credit Line Loans (based on the outstanding balance) that Clients hold at the bank. Clients should therefore note that the Financial Advisor may have an incentive to recommend such Credit Line Loans and, as such, should carefully review the terms of any proposed Credit Line Loan prior to taking out any such Loan. Finally, our affiliated banks may, from time to time, issue brokered certificates of deposit which Stifel may determine to make available for purchase by our clients.

***Stifel Nicolaus Insurance Agency, Incorporated*** – Our firm is licensed as an insurance agency in a number of states and, as such, is able to sell insurance products to clients directly. However, in a few states, insurance products are sold through our affiliate, Stifel Nicolaus Insurance Agency, Incorporated. In such cases, the affiliate, and not our firm, will receive customary commissions paid by the insurance companies issuing Client policies. Financial Advisors who sell insurance products in such states typically are licensed as agents of the affiliate, and will receive a portion of the insurance commissions paid.

\* \* \* \* \*

**Each Client should note that each relationship set forth above creates a conflict of interest for our firm and/or Financial Advisors. We act as a fiduciary with respect to all Advisory services. As a fiduciary, we take reasonable steps to ensure that all material conflicts are fully disclosed to our Clients.**

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **Code of Ethics**

In addition to Stifel Financial Corp.'s Code of Ethics Policy, which is applicable to all Stifel personnel, our Advisory personnel are also subject to our Investment Advisory Code of Ethics ("IA Code of Ethics"). The IA Code of Ethics applies to activities that our personnel conduct in our firm's capacity as a registered investment adviser, subject to applicable fiduciary obligations. A copy of the IA Code of Ethics is available upon request. Set forth in the IA Code of Ethics are standards reasonably designed to promote honest and ethical conduct, comply with federal securities laws and governmental rules and regulations, maintain privacy of Client information, protect nonpublic information, and encourage associates to report any known violations. Such standards include placing Client interests first, avoiding any material or potential conflicts of interest, and ensuring that personal securities transactions are conducted appropriately. Compliance periodically reviews the IA Code of Ethics to ensure adequacy and effectiveness in complying with applicable regulations.

### **Participation or Interest in Client Transactions**

To the extent we execute transactions for Client accounts, Advisory transactions are generally executed on an agency basis. However, our firm (or Stifel) may trade with Clients and seek to earn a profit for our own (or Stifel's) account (such trades generally are referred to as "principal transactions"). Principal transactions are executed at prices and commission rates that we believe are competitive and in accordance with industry practice. Although we (or Stifel) may be able to provide a more favorable price to a Client if we (or Stifel) purchase from or sell to Stifel's inventory of securities, we generally are not able to engage in such transactions with Advisory accounts due to regulatory requirements, which require written disclosure and consent on a trade-by-trade basis. However, if the account is managed by an Independent Adviser who is directing the trade, Stifel may, as broker, trade from our inventory without having to obtain Client consent for the transaction. In addition, we do not permit Advisory accounts to purchase securities in syndicated offerings from any of our affiliates, including Stifel, unless neither Stifel nor our other affiliates are underwriters for the offering and the transaction can be effected on an agency basis.

When permitted by applicable law and firm policy, we (or Stifel) may cause Client accounts to engage in cross and agency cross transactions. A cross transaction occurs when we (or Stifel) cause a Client account to buy securities from, or sell securities to, another Client, and neither our firm nor Stifel receives a commission from the transaction. We may (but are under no obligation to) cause Client accounts to engage in cross

transactions. An agency cross transaction occurs when we (or Stifel) act as broker for a Client account on one side of the transaction and a brokerage account or another Client account on the other side of the transaction in connection with the purchase or sale of securities by the Client account, and our firm (or Stifel) receives a commission from the transaction. We will have a potentially conflicting division of loyalties and responsibilities to the parties to cross and agency-cross transactions, including with respect to a decision to enter into such transaction as well as with respect to valuation, pricing, and other terms. We have adopted policies and procedures in relation to such transactions and conflicts. However, there can be no assurance that such transactions will be effected in the manner that is most favorable to a Client account that is a party to any such transaction. Cross transactions may disproportionately benefit some Client accounts as compared to other Client accounts due to the relative amount of market savings obtained by the client accounts. If effected, cross or agency cross transactions are effected in accordance with fiduciary requirements and applicable law (which may include providing disclosure and obtaining client consent). To the extent such consent is provided in advance of the cross or agency cross transactions, Clients may revoke the consent at any time by written notice to our firm or their Financial Advisor, and any such revocation will be effective once we have received and have had a reasonable time to act on it.

Certain of our Financial Advisors may recommend securities of issuers that Stifel or our other affiliates have otherwise sponsored or promoted (including as initial public offerings and other syndicated offerings). Client transactions in such offerings are generally required to be effected in brokerage accounts, not Advisory accounts. Clients who participate in such transactions should note, therefore, that neither Stifel nor the Financial Advisor is, in any way, acting as a fiduciary with respect to any such transactions. As associated persons of a registered broker-dealer, our Financial Advisors are generally prohibited from participating in these offerings. However, some of our affiliates may, for their own accounts or for accounts of their clients, take substantial positions in such securities. In such cases, the affiliate may indirectly benefit from our Financial Advisor's investment recommendations if (for example) the later purchase by our Client accounts of the securities (i.e., in the secondary market) cause the price of those securities to rise. In general, our policies (and Stifel's) prohibit personnel from sharing information relating to investments made for Client accounts with affiliates or other parties, unless such parties need to know such information in order to provide services to any affected Client accounts and such disclosure is permitted by law. To the extent that associated persons obtain information relating to investments in our firm or an affiliate, such associated persons are prohibited from (i) passing such information to any other person who does not need to know the information in order to perform required duties and (ii) using such information to benefit the Financial Advisor or Client.

Our officers and/or employees (including our Financial Advisors) or those of Stifel may serve on the boards of companies in Clients' portfolios. In addition, our firm or affiliates may provide services to such portfolio companies. The portfolio companies may compensate us (or our affiliates) for

services with options to purchase stock or other equity interests of the portfolio companies. If an affiliate owns options or other securities issued by portfolio companies, a conflict of interest may arise between the timing of any exercise or sale of these options, and our (or Stifel's) decisions about the same portfolio securities for Client accounts. Neither our firm nor Stifel solicit such information from any affiliate.

Our firm, Financial Advisors and affiliates frequently have access to non-public information about publicly traded companies. When this occurs, our Financial Advisors (and therefore, their Client accounts) may be prohibited from trading an existing position at a time that would be beneficial to such Clients, resulting in investment losses or the failure to achieve investment gains. In other cases, we may purchase or sell the securities of an issuer at a time when an affiliate or its employees have material non-public information about such securities or their issuers if the affiliates have not otherwise notified us of their possession of such information. Our affiliates and their respective employees have no duty to make any such information available to us, and we have no duty to obtain such information from the affiliates and do not otherwise solicit such information.

### Personal Trading

Our employees and affiliates may invest in any Advisory Programs that we offer. Our written supervisory procedures are designed to detect and prevent the misuse of material, non-public information by employees. Our firm and affiliates, directors, officers, stockholders, employees, and members of their families may have positions in and, from time to time, buy or sell securities that we (or Stifel) recommend to Advisory accounts. We prohibit transactions in our firm account(s) and accounts of associated persons in any security that is the subject of a recommendation of Stifel's Research department until the recommendation has been disseminated to Clients and a reasonable time has elapsed following the dissemination. Our associated persons are prohibited from buying or selling securities for their personal accounts if the decision to do so is substantially derived, in whole or in part, by reason of their employment, unless the information is also available to the investing public or through reasonable inquiry. We maintain and regularly review securities holdings in the accounts of persons who may have access to Advisory recommendations.

## BROKERAGE PRACTICES

### About Our Brokerage Services

Century's principal business in terms of revenue and personnel is that of an introducing securities broker. As an introducing broker, we execute securities transactions per Client instructions through Stifel as our clearing firm. As an integral part of the services offered, when providing brokerage services, Financial Advisors may provide services and provide advice about securities that are incidental to Stifel's brokerage services. However, when providing brokerage services, Financial Advisors do not make investment decisions on behalf of Clients and do not charge any fees for any incidental advice given. *Absent special circumstances, Financial Advisors are not held to*

*fiduciary standards when providing brokerage services.* Legal obligations to disclose detailed information about the nature and scope of our business, personnel, commissions charged, material or potential conflicts of interests, and other matters are limited when acting as a broker-dealer.

### Our Responsibilities as a Broker

As a broker, Century is held to the legal standards of the Securities Act of 1933, the Securities Exchange Act of 1934, FINRA rules, and state laws where applicable. Such standards include fair dealings with Clients, reasonable and fair execution prices in light of prevailing market conditions, reasonable commissions and other charges, and reasonable basis for believing that securities recommendations are suitable.

Brokerage clients pay commission charges on a per transaction basis for securities execution services in their brokerage accounts. As set forth elsewhere in this brochure, with limited exceptions, accounts enrolled in the Programs above generally pay a wrap fee that covers our firm's and/or Stifel's advisory services, execution (where appropriate), clearing, custodial and other administrative services, as well as other applicable advisory and portfolio management services by Advisors. See "Fees and Compensation" for more details about the wrap fee.

### Execution of Transactions

As wrap sponsor, we expect Stifel to self-execute trades for accounts in the Programs covered in this brochure to the extent we and/or Stifel have trading discretion, and/or if Investment Managers direct trades to Stifel. However, Stifel may determine to effect transactions for discretionary Portfolios through other broker-dealers if it determines, in light of all applicable factors, that executing through the other broker-dealer would provide better execution than would be the case if we self-executed. Investment Managers in the following Stifel wrap Programs that are available to Century Clients have discretion to effect trades on behalf of clients through broker-dealers other than Stifel: Opportunity and Connect. An Investment Manager may trade away if it determines, in its sole discretion, such trade aways would be in the best interests of its clients, such as to satisfy its best execution obligations. As set forth above, Clients in these Programs pay fees to Stifel and, as applicable, the Investment Manager for services, which include costs related to transactions in Client accounts effected through Stifel. However, for all transactions executed through other broker-dealers, Clients will likely (but may not always) incur additional costs, such as commissions or markups/markdowns embedded in the price of the security, that are **in addition to, and not included in,** the Advisory Account Fee. As such, Clients are separately responsible for any execution costs incurred in connection with such trades. These additional costs are not reflected on Client account statements; however, if the Investment Manager has provided the appropriate information to Stifel regarding such trades and the related additional costs, the information will be indicated on trade confirmations, or on quarterly transaction confirmation reports provided to those Clients who have elected to suppress immediate trade confirmations.<sup>1</sup>

<sup>1</sup> All other information shown does not reflect any additional execution costs resulting from trades executed through other broker-dealers.

As Advisers, Investment Managers have a fiduciary obligation to act in the best interests of their advisory clients and are therefore required to seek to obtain “best execution” in effecting trades on behalf of such clients. Under the Advisers Act, “best execution” generally means executing transactions in a manner such that the client’s total cost or proceeds are the most favorable under the circumstances. Although it is important for Investment Managers to seek the best price for a security in the marketplace and minimize unnecessary brokerage costs in satisfying its obligations, these are not the only factors used to determine whether the Investment Manager has satisfied its obligations. It is not an obligation to get the lowest possible commission cost, or to solicit competitive bids for each transaction, but rather, the Investment Manager determines whether the transaction represents the best qualitative execution for its clients. In selecting a broker-dealer, Investment Managers may consider the full range and quality of services offered by the broker-dealer, including the value of the research provided (if any), execution capability, commission rate charged, the broker-dealer’s financial responsibility, and its responsiveness. *It is also important to note that Stifel does not monitor, review, or otherwise evaluate whether an Investment Manager is satisfying its best execution obligations to clients.*

**Types of Securities Traded.** Investment Managers whose strategies consist primarily (or substantially) of fixed income securities, foreign securities (including American Depository Receipts or ordinary shares), ETFs, and/or small cap securities are generally more likely to trade away from Stifel. This means that Clients investing in such strategies are more likely to incur execution costs in addition to the Advisory Account Fee paid to Stifel. Clients should, therefore, take these costs into consideration when selecting and/or deciding to remain invested in the affected strategies.

**Trade Aggregation.** Investment Managers typically manage wrap client accounts for multiple firms using the same strategy, and may also manage other directly sourced accounts side-by-side with wrap Client accounts. In certain cases, an Investment Manager may decide to aggregate all transactions for clients in its Portfolio into a block trade that is executed through one broker-dealer, rather than separately through each participating firm (such as Stifel). Aggregating transactions into a single block may enable the Investment Manager to obtain a better price or additional investment opportunities for its clients, as well as allow the Investment Manager to exercise more control over the execution, including (for example) potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive, and/or competing client orders.

**Investment Managers’ Historical Trading Away Practices.** Stifel maintains a list of Investment Managers with trading discretion over Client accounts that have notified Stifel that they traded away from Stifel during the previous year – the list is typically available no earlier than the second quarter of the following year. The list includes the names of the applicable Portfolios, information about Investment Manager’s trade-away practices for a particular Portfolio, and the average associated costs (if any) during the applicable year. The information is

provided to existing investors in the affected Portfolios, as well as to new Clients seeking to enroll into an affected Portfolio after such information is available. However, the information contained in the list is based solely upon information provided to Stifel by each Investment Manager and is not independently verified by Stifel. As a result, Stifel does not make any representations as to the accuracy of the information presented. The information on the list regarding an Investment Manager’s prior trade-away practices is not a guarantee that a particular Investment Manager will exercise or repeat the same practices in the future and/or with the same frequency. It is possible an Investment Manager could trade away more or less frequently, or at a higher or lower commission rate, fee, or other expenses, resulting in greater or lesser costs than those indicated. Individual Clients enrolled in the Portfolios noted may experience different results. Similarly, it is possible that an Investment Manager that has not previously, or recently, traded away from Stifel will do so in the future.

*Additional information about an Investment Manager’s brokerage practices, including the factors that the Investment Manager considers in satisfying its best execution obligations, which may vary according to the type(s) of securities traded, is contained in each Investment Manager’s Form ADV Part 2A Brochure. Clients should review each Investment Manager’s trading away practices before selecting, or while reviewing, the Investment Manager’s Portfolios.*

Orders for most Advisory Programs are routed for agency execution. Neither Century nor Stifel imposes commissions (including markups or markdowns) on transactions executed for Advisory accounts; however, as agency transactions, the broker on the other side of the transaction may charge a markup or markdown that may be equal to, or greater, than any markup or markdown Stifel would have charged if the trade was executed in a principal capacity). Where permissible by applicable law (for example, in the Opportunity Program where an Independent Adviser is directing a trade for non-retirement accounts), Stifel may act as broker for the transaction and, at the same time, purchase and/or sell securities for a Client transaction from Stifel’s inventory. Consistent with applicable regulations, such inventory trades are not considered “principal transactions” to the extent that an Investment Manager (not Century or Stifel) determines that purchasing the securities from Stifel inventory is in the underlying Clients’ best interest. In addition, if an Advisory account holds a position which includes fractional shares, Stifel will accommodate any requests to liquidate for the fractional component by processing the transaction through its principal trading account, while the whole shares are liquidated on an agency basis.

On the execution end, Advisory account orders are generally treated with the same priority and procedural flow as non-advisory brokerage trades (except, such orders are not routed to Stifel market makers and may be done as a block order, which may have different rules and priorities). Stifel generally uses automated systems to route and execute orders for the purchase and sale of securities for most Advisory accounts, unless directed by Clients to do otherwise. Stifel uses a reasonable diligence to ascertain the best markets for a security and to buy and sell in such markets so that the resultant price to the

customer is as favorable as possible under prevailing market conditions. Certain large orders that require special handling may be routed to a market center for execution via telephone or other electronic means. Stifel periodically monitors existing and potential execution venues and may route orders in exchange listed or over-the-counter (“OTC”) securities to other venues if it is believed that such routing is consistent with best execution principles. For equity securities, Stifel monitors the performance of competing market centers and generally routes orders to those that consistently complete transactions timely and at a reasonable cost and which normally execute at the national best bid or offer. Whenever possible, orders are routed to market centers that offer opportunities for price improvement through automated systems. Stifel executes mutual fund transactions for Advisory accounts through traditional omnibus vendors, or through clearing arrangements with other brokerage firms under so-called super-omnibus arrangements.

### **Aggregation of Trades in Advisory Portfolios**

To the extent possible and where permitted under applicable law, and in order to seek a more advantageous trade price, Stifel may (but is not required to) aggregate orders for the purchase of a security for the Accounts of several discretionary Client accounts for execution in a single transaction (“block trades”). However, Clients in the Solutions Programs should be aware that we do not require our Financial Advisors who manage Solutions accounts to aggregate orders for Client accounts into block trades. As a result, Clients with Solutions accounts managed by the same Financial Advisor (including, for example, in the same Solutions Portfolio) may receive different execution prices even when trading in the same security on the same day. Additionally, Stifel generally will not aggregate trades across MBT Portfolios even where such MBT Portfolios are trading in the same securities on the same day. Similarly, Stifel generally will not aggregate trades for different accounts where portfolio management decisions for accounts are made separately (e.g., same-day trades for different Programs). Clients should, therefore, understand that discretionary accounts in one or more MBT Portfolios and/or Programs may get different prices even if such accounts trade in the same security on the same day. When used, block trading can allow us to execute equity trades in a timely, equitable manner. The related transaction costs are shared equally at an average price per share and on a pro rata basis between all accounts included in the block trade, and participating accounts receive the same average price for the security. Orders that cannot be filled in the same block trade or at the same average price are assigned to accounts in a manner that seeks to treat Clients fairly and equitably over time. This practice does not ordinarily affect or otherwise reduce fees, commissions, or other costs charged to Clients for these transactions, but may provide price improvement. A partial fill of a block trade may be allocated among Client accounts randomly, pro rata, or by some other equitable procedure. In certain cases, Advisors on Stifel’s Advisory platform may use computer systems that allocate purchase and sale transactions either on a random or pro rata basis. In any case, Clients may pay higher or lower prices for securities than may otherwise have been obtained.

In connection with the handling of block orders, where permitted by law, Stifel may engage in hedging, offsetting, liquidating,

facilitating, or positioning transactions (“risk-mitigating transactions”) that may occur at the same time or in advance of a client order, and these activities may have impact on market prices. Unless Stifel is informed in writing (“opt out”), Stifel will conclude that all clients with accounts held at Stifel understand that Stifel may engage in risk-mitigating transactions in connection with client orders and will conclude that clients have given us (including Stifel) consent to handle block transactions as described above. Clients can contact their Financial Advisor for instructions on how to opt out.

### **Directed Brokerage**

Some Independent or Affiliated Advisors acting as Investment Manager may require Clients to direct brokerage. When Clients direct brokerage away from our firm or Stifel, it generally will result in higher costs. The wrap fee for Advisory services do not cover, and Clients are responsible for, brokerage commissions, markups, markdowns, and/or other costs associated with transactions effected through or with other broker-dealer firms.

### **Rebates for Routing Orders**

While Stifel does not receive payment for order flow from other broker-dealers, Stifel does receive certain rebates for routing orders to the exchanges that execute such orders. The rebates vary depending on the order type and will be disclosed upon written request.

### **Trade Error Correction**

It is our policy that if there is a trade error for which Century, Stifel, and/or an Investment Manager is responsible, trades will be adjusted or reversed as needed in order to put the Client’s account in the position that it would have been in if the error had not occurred. Errors relating to trades that have not yet settled are corrected at no cost to Client accounts by moving the affected securities to our error account and entering correcting trades in the Client’s account such that the Client is made whole. We net the correcting trades when assessing the overall gain or loss associated with the correction, and retain any gains realized as a result of correcting trade errors. In instances where a handling error occurs such that a trade correction is not available or practicable to implement (such as where a Client’s account was enrolled into the wrong Portfolio, and the error was not identified and corrected promptly), we will typically correct the error by reimbursing the Client the negative performance differential for the period from the start of the error to the time the correction is made.

Our firm and Stifel offer many services and, from time to time, may have other Clients in other Programs trading in opposition to Century Clients’ Advisory accounts. To avoid favoring one Client over another Client, we attempt to use objective market data in the correction of any trading errors.

### **Research and Other Soft Dollar Benefits**

Financial Advisors and Clients have access to research published by Stifel’s research analysts (“Stifel Research”), the primary source of our research. Subject to certain exceptions, we incorporate the insights and economic perspectives of Stifel Research, where appropriate, into our products and services. *Clients should be aware that our firm may have conflicts of*

*interest in connection with research reports published.* Stifel and our other affiliates may have long or short positions, or deal as principal or agent, in relevant securities, or may provide Advisory or other services to issuers of relevant securities or to companies connected with issuers covered in research reports issued by Stifel Research. Stifel research analysts' compensation is not based on investment banking revenues; however, their compensation may relate to revenues or profitability of Stifel business groups as a whole, which may include investment banking, sales, and trading services. Financial Advisors also have access to proprietary models covering various securities, including (but not limited to) equities, fixed income, mutual funds, and municipal securities developed by Stifel's various business areas, and may use these models in connection with managing and/or otherwise providing investment advice to Clients.

Our firm (and Stifel) may also use research obtained from other financial institutions, including our affiliate, KBW, as well as from other affiliated or unaffiliated broker-dealers and/or investment advisers. In general, we (and Stifel) seek third-party research that is in-depth fundamental corporate research to assist in providing Advisory services to clients. We do not use commission dollars from Program accounts to pay for research; our Financial Advisors have access to research from other financial institutions provided to Stifel under reciprocal arrangements with Stifel Research. Our firm (or particular Financial Advisors) may also pay for independent research using hard dollars. Finally, as set forth in the *Training and Education Expenses From Fund Companies (or Advisers)*, our Financial Advisors may also obtain research from firms that provide other products and services to us or to Stifel (for example, an Adviser may make its research reports available to our Financial Advisors). Clients should be aware that our (and Stifel's) receipt of these research services may present a conflict of interest by creating an incentive for us and/or Financial Advisors to recommend the investment products offered by the research provider firms (or by their affiliates). In general, our policies prohibit our Financial Advisors from basing their recommendations of Advisers and/or securities on the research services received from the Adviser or issuer, or any of their related persons. Research services are generally used to benefit all client accounts, whether or not such research was generated by the applicable client account. However, not all research services will be used for all client accounts; the type of research used with respect to any one account will depend on, among other things, the types of investments that are deemed suitable for the account.

### **Margin**

We do not allow the use of margin in Advisory accounts except in limited cases. For those Clients that are specifically permitted, the use of margin strategies will be limited to eligible non-retirement Advisory accounts at Stifel. Notwithstanding the foregoing, we (and/or Stifel) generally allow Clients to use the assets held in their Advisory accounts as collateral for margin debits held in non-Advisory accounts. *The use of leverage, or investing with borrowed funds, is generally not recommended in Advisory Programs;* however, it may be approved on an exception basis when specifically requested by individual Clients, or for use in specialized strategies. Certain eligibility

requirements must be met, and documentation in the form of a separate margin agreement must be completed prior to using leverage in Advisory accounts. Only Clients can authorize the use of leverage in an Advisory account (that is, neither our firm nor our Financial Advisors can use discretion to set up a margin arrangement or privileges for a Client's Advisory account, even in cases where the Client has granted investment discretion to these persons or entities). In making the decision to set up margin privileges for an Advisory account, it is important Clients understand the risks associated with employing margin strategies, the impact the use of borrowed funds may have on Advisory accounts, and how investment objectives may be negatively affected. Employing margin in Advisory accounts is a more aggressive, higher-risk approach to pursuing investment objectives. Clients should carefully consider whether the additional risks are appropriate prior to employing margin strategies due to the increased potential for significantly greater losses associated with using margin strategies. The use of margin also involves higher costs; Clients pay interest to Stifel as the clearing firm on the outstanding loan balance of their original margin loan. Furthermore, Advisory Account Fees are calculated as a percentage of total assets in the account; therefore, employing margin strategies to buy securities in Advisory accounts generally increases the amount of, but not the percentage of, the Advisory Account Fees. *This results in additional compensation to us. The amount of the margin loan is not deducted from the total value of the investments when determining account value for purposes of calculating the Advisory Account Fee.* As a result, Clients may lose more than their original investments. Likewise, a positive or negative performance, net of interest charges and Advisory Account Fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. A number of the risks discussed above apply, even in cases where the margin debit is held in a non-Advisory account, and Advisory assets are being used to cross-collateralize the loan. **Finally, to the extent that a maintenance call is triggered in connection with a margined account and Stifel is forced to sell any assets used as collateral for the margin loan, Stifel will act solely in its capacity as a registered broker-dealer (and not as an investment adviser or other fiduciary), even where such collateral is held in an Advisory account. Moreover, if selling such assets, Stifel will seek to maximize its interests, and will not prioritize a Client's interest.** *Clients generally will not benefit from employing margin strategies if the performance of individual accounts does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan.*

### **Credit Line Loans**

Clients may apply for Credit Line Loans from our affiliated banks, using eligible securities accounts, including eligible Advisory accounts, as collateral. The proceeds of such loans may not be used to (a) purchase, carry, or trade in securities, (b) repay or retire any indebtedness incurred to purchase, carry, or trade in securities, or (c) repay or retire any debt to (or otherwise purchase any product or service from or any security or other asset issued by) any Stifel entity. If Advisory accounts are used to collateralize Credit Line Loans, the accounts are pledged to support any Credit Line Loans extended and Clients are not permitted to withdraw funds or other assets unless sufficient amounts of

collateral remain to continue supporting the Credit Line Loans (as determined by the applicable Stifel Bank entity, in its sole discretion). Although Clients are required to satisfy such collateral requirements, they may terminate their Advisory relationship with us, at which time these funds or assets will be maintained in a brokerage account at Stifel. Clients pay interest to the applicable Stifel Bank entity on Credit Line Loans at customary rates. Certain eligibility requirements must be met and loan documentation must be completed prior to applying for Credit Line Loans.

Credit Line Loans extended by Stifel Bank are typically demand loans that are subject to collateral maintenance requirements. These entities may demand repayment at any time. If the required collateral value is not maintained, the banking entity may require additional collateral, or partial or entire repayment of any Credit Line Loans extended. Clients may need to deposit additional cash or securities as collateral on short notice or repay a partial or entire amount of the funds borrowed if the value of their portfolio declines below the required loan-to-value ratio. Stifel Bank may refuse to fund any advance request due to insufficient collateral. Stifel Bank may increase your collateral maintenance requirement at any time without notice, and may call your Credit Line Loan at any time and for any reason. Because Stifel Bank assigns different release rates to different asset types, in some cases, Clients may also be able to satisfy such requirements by selling securities with a low release rate and investing and/or holding the proceeds in assets that have a higher release rate for the loan. In each case, failure to promptly meet requests for additional collateral or repayment, or other circumstances including a rapidly declining market, may cause our banking affiliate to instruct us to liquidate some or all of the collateral supporting any Credit Line Loan in order to meet collateral maintenance requirements. You will not be entitled to choose the securities that will be sold. Depending on market circumstances, the prices obtained for the securities may be less than favorable. Any required liquidations may interrupt the account's investment strategy and may result in adverse tax consequences or additional fees being assessed.

As set forth above, our affiliated banks typically pay Stifel a fee (up to 0.25%) of the outstanding Credit Line Loan balance, a portion of which is paid to your Financial Advisor. These affiliates may also make additional de minimis payments to Stifel service personnel that provide administrative assistance during the Credit Line Loan application process. These payments are in addition to any Advisory Account Fees charged with respect to the Advisory assets used to collateralize the Credit Line Loan. As such, these payments present a material conflict of interest for us in that they create a financial incentive for your Financial Advisor to make recommendations based on the additional compensation to be received rather than solely based on your financial needs. For example, a Financial Advisor may recommend that you open a Credit Line Loan rather than withdraw money from your Advisory accounts in order to retain the Advisory Account Fee that such assets are otherwise generating and to receive the additional compensation from the banking affiliate with respect to any outstanding Credit Line Loan balance that you maintain. Similarly, a Financial Advisor may recommend the continued maintenance of such Credit Line Loan to retain such payments. Finally a Financial Advisor may recommend that you invest or hold your Advisory account assets

in positions that have been assigned high release rates by the applicable Stifel Bank entity for the Credit Line Loan (but which positions ultimately generate low investment returns for your Advisory account) in order to avoid maintenance calls on the Credit Line Loan which would require loan repayment and/or the liquidation of Advisory assets. Depending on your specific circumstances, including the intended use of the proceeds from the Credit Line Loan and the return on your Advisory account, over the long term, it may cost you more to take out the Credit Line Loan than if you had withdrawn the money from your Advisory account. Clients are therefore encouraged to carefully consider the total cost of taking out any Credit Line Loan, and any additional compensation that the Financial Advisor will receive, when determining to take out and/or maintain Credit Line Loans. *Finally, to the extent that a maintenance call is triggered in connection with a Credit Line Loan and Stifel is forced to sell any assets used as collateral for such Credit Line Loan, Stifel will act solely in its capacity as a broker-dealer (and not as an investment adviser or other fiduciary to Client), even where such collateral is held in an Advisory account. Moreover, if selling such assets, Stifel will seek to maximize its interests (and/or those of our banking affiliate(s)), and will not prioritize a Client's interest.*

#### **Other Important Considerations Relating to the Use of Margin or Credit Line Loans in Connection With Advisory Accounts.**

*None of the Century, Stifel, Stifel Bank, or our Financial Advisors provide legal or tax advice. Clients should consult legal counsel and tax advisors before using borrowed funds as collateral for loans. Neither our firm nor our affiliates act as investment adviser with respect to the liquidation of securities held in Advisory accounts to meet margin calls or Credit Line Loan demands, and as creditors, our firm and our affiliates may have interests that are adverse to Clients. There are substantial risks associated with the use of borrowed funds for investment purposes and the use of securities as collateral for loans. Additional limitations and availability may vary by state.*

**Mortgage Lending.** Mortgage loans are originated by SB&T, Equal Housing Lender, NMLS# 375103. Your Financial Advisor, however, does not offer residential mortgage products and is unable to accept any residential mortgage loan applications or to offer or negotiate terms of any such loan. Your Financial Advisor may be compensated in connection with the origination of any mortgage loan, where permissible by law.

#### **CASH SWEEP OPTIONS**

Stifel offers one or more sweep options for the available cash balances in Client accounts, depending on the type of account that a Client is establishing (i.e., retirement versus non-retirement). Clients should review the sections "The Stifel Automatic Cash Investment Service" and "Disclosure Documents for Automatic Cash Investment" of the Stifel Account Agreement and Disclosure Booklet for the terms, conditions and other important information relating to the applicable sweep options, including a discussion of the various conflicts that Stifel may have in connection with such options as



well as how Stifel seeks to mitigate such conflicts. Clients may access the Stifel Account Agreement and Disclosure Booklet, as amended from time to time, under the “Important Disclosures” section of [www.stifel.com](http://www.stifel.com), or may request a copy from their Financial Advisor.

## REVIEW OF ACCOUNTS

### Account Review

Each new account enrolled in a Program is reviewed by the applicable Financial Advisor’s supervisor prior to account opening. Thereafter, Financial Advisors periodically perform account reviews.

### Portfolio Performance

Clients in the Programs covered in this brochure generally receive quarterly analyses of their portfolio performance relative to comparable market indices or other benchmarks. Performance information is verified by Stifel’s Consulting Services Operations staff by reviewing the performance results for consistency among similar Portfolios and identifying any unusual variations or inaccuracies. In certain circumstances, Clients can waive receipt of periodic performance reports from Stifel.

### Performance Information

Stifel typically provides performance reports to our Clients on a quarterly basis using performance returns calculated by Stifel’s primary performance system. Stifel’s primary system calculates total performance returns (after deduction of actual trading expenses) using a daily calculation methodology that adjusts for cash flows in the account as of the applicable date. In certain limited cases, Stifel may calculate Client account performance using one of its secondary performance systems. Stifel’s secondary performance systems generally calculate performance returns using the Modified Dietz Method, which is a time-weighted method that also identifies and accounts for cash flows in the account. If the date of a cash flow is not known, Stifel will assume a mid-month date for cash flows. Regardless of the system from which performance is calculated, a sampling of the performance returns is reviewed to confirm accuracy or compliance with presentation standards.

Stifel relies on publicly recorded information, uses various vendor systems, and/or relies on valuations provided by third-party custodians holding assets and/or accounts that are part of a Client’s Advisory relationship in determining the values used in the performance reports provided to Clients. If Client accounts include privately issued alternative investments, Stifel relies on values provided by the management, administrators, and sponsors of each such investment and may, as a result of delays in getting information from such parties, use estimated values in reporting the performance of such investments. ***Stifel does not independently verify any such valuations.*** The actual value, once determined, may differ from the estimates previously provided by the third party to Stifel and, therefore, used by Stifel in previous reports and calculations. Clients may, thus, not be able to realize the same value as shown for such assets upon a sale or redemption of the same. ***Each Client should also note***

***that Stifel will not amend previously issued calculations or reports as a result of changes in the valuation figures provided by such third parties.***

Clients may notice a difference in the ending market values displayed on the quarter-end custodial statements issued by Stifel as clearing firm versus its performance reports for the same account. Performance reports generally include any income that is earned (accrued) but not yet posted to Client accounts. Custodial statements also include accrued income, but the calculation may not match the calculation used for performance reporting purposes. Clients should contact their Financial Advisors if they have any questions relating to figures shown on their performance reports.

### Transaction Statements

Clients with discretionary accounts held at Stifel typically receive monthly (but in no event less than quarterly) statements that identify buys, sells, dividends, interest, deposits, and disbursements in their accounts during the previous month, as well as the overall market value of the portfolio at month’s end. A summary of portfolio holdings as of the end of each reported quarter is also listed. Clients may not waive receipt of account statements. Clients whose accounts are held away from Stifel, with a qualified custodian (but who trade through Stifel), will receive a statement with respect to each month in which a transaction is effected in their Stifel account. However, if no transactions are effected in accounts held away from Stifel, such Clients may receive their statements on a quarterly basis. All other clients utilizing an unaffiliated third-party custodian will receive statements from their applicable custodian based on the custodian’s own delivery schedule.

### Realized Gain/Loss Summary

Custodial statements from Stifel include annual listings of all closed transactions in their accounts during each calendar year, as well as the offsetting cost of each transaction and, thus, the realized gains/losses for each closing transaction.

### Year-End Tax Report

With respect to those accounts for which Stifel serves as custodian, Stifel provides the Clients 1099 statements for the previous tax year. 1099 statements include both reportable and non-reportable information, cost basis for securities that have been sold and additional information to assist with tax preparation.

### Transaction Confirmations

Clients with discretionary accounts may elect to receive trade confirmations immediately upon execution in their accounts or defer confirmations until the end of each quarter. Clients with eligible accounts who elect to defer confirmations receive summary reports at the end of each quarter outlining the transactions posted to their accounts during the most recent calendar quarter. The election to receive confirmations immediately or quarterly may be changed at any time upon the Client’s written notice. ***Clients are not eligible to defer confirmations for non-discretionary Program accounts.*** Clients that have signed up for online access to their Advisory accounts may review their transaction confirmations through the online portal.

## CLIENT REFERRALS AND OTHER COMPENSATION

In general, we require that all solicitation or referral arrangements comply with applicable regulatory requirements, including, but not limited to, disclosures to Clients about the referral arrangement as well as any fees received (or paid) in connection with such referral at the time of the referral or execution of the Advisory Agreement. We have policies and procedures designed to deliver proper disclosures to Clients at the time of solicitation and/or account opening, as well as to confirm that all Clients sign disclosure delivery receipts, where appropriate. Each affected Client will receive disclosures from the applicable solicitor disclosing the solicitation arrangement, as well as the fee paid by Stifel to such solicitor (or received by Stifel) in respect of the solicitation.

As of the date of this brochure, our firm has not entered into any referral arrangements with any of our Affiliated Advisers; this may change at any time in our sole discretion.

Our firm participates in the following solicitation or referral arrangements applicable to our Advisory services covered in this brochure:

### Stifel Alliance Program

Under the Stifel Alliance Program (“Alliance”), Century may compensate individuals or companies, either directly or indirectly, for Client referrals by sharing a portion of the fees charged. Our policies prohibit our Financial Advisors from up-charging any Client to make up for the portion paid to or otherwise expended in connection with an Alliance solicitor. We and/or our associated persons *may* pay for registration costs (if any) relating to the solicitor to facilitate the solicitor’s state registration (if required). As a result, such solicitors may have incentive to refer clients to us over other firms.

### Compensation for Client Referrals

Our Financial Advisors may receive nominal compensation for referring clients to our other affiliates for services including, but not limited to, our banking affiliates and/or our trust company affiliates.

As set forth above under “Fees and Compensation,” we (and/or Stifel) may receive Revenue Sharing from private fund sponsors or managers to whom we refer Clients for investments. We (and/or Stifel) may similarly receive payments from mutual funds in which Clients invest. Clients should also refer to the “Brokerage Practices” section above for a discussion of research services that certain Advisers may provide to our firm, Financial Advisors, and/or to Stifel.

## CUSTODY

Unless agreed upon otherwise, our affiliate, Stifel, maintains custody of our Client assets. We have adopted policies and procedures that are designed to mitigate risks involved with using an affiliate as the custodial firm in an effort to ensure that our Client assets are protected. Among other things, we undergo an annual surprise audit by an independent registered accounting

firm, which audit is designed to verify the Clients’ assets. At the conclusion of the annual surprise audit, the independent auditor files a report with the SEC attesting to, among other things, our compliance with regulatory requirements. In addition, we receive an internal control report from Stifel that is issued by an independent auditor in connection with Stifel’s custodial services to our Clients.

Some of our other affiliates may also serve as qualified custodians of our Client assets. In such cases, consistent with applicable regulations, we generally receive a report issued by an independent registered public accountant relating to the affiliate’s internal controls in connection with its custody services.

## VOTING CLIENT SECURITIES

Clients may appoint Stifel (as our delegate) or, as applicable, an Adviser, to vote proxies on their behalf. Clients may change their proxy voting election at any time upon written notice to us.

In voting proxies, Stifel has a fiduciary responsibility to make investment decisions that are in the best interest of Clients and vote Client securities accordingly. As required by applicable regulations, Stifel has adopted policies and procedures to govern the proxy voting process. Stifel’s policies provide that, in general, Stifel will vote with management on routine issues, and will vote non-routine issues in a manner calculated and intended to maximize shareholder value. Stifel has retained a third-party proxy voting service to provide independent, objective research and voting recommendations, and to vote proxies on our behalf. In the event of a conflict between our firm’s and/or Stifel’s interests and the interests of our Clients, Stifel may decline to vote a proxy if the independent proxy voting service is unable to provide a voting recommendation and vote the securities on our behalf. In such cases, we will generally forward the proxies to the applicable Client for voting.

Clients may request a copy of Stifel’s Proxy Voting Policies and Procedures at any time, including a record of the proxies voted in respect of their account.

We generally do not vote proxies for Clients whose custodial accounts are held by third-party custodians. If a Client is enrolled in the Stifel Connect Program, the Connect Adviser may or may not vote proxies for Client’s account. Clients should carefully review the separate agreement with the Connect Adviser to determine its proxy voting policies. If a Connect Adviser does not vote proxies on behalf of its clients, Client will generally be responsible for voting proxies in the account.

Investment Managers typically vote proxies held in Client accounts enrolled in their applicable Portfolios, provided that the Client has elected to grant the Investment Manager proxy voting authority. To the extent applicable, each Client enrolled in a Portfolio managed directly by the third-party Adviser receives a copy of the Investment Manager’s proxy voting policy as part of the account opening process. Clients should carefully review each such proxy voting policy to ensure a good understanding of

the process and the related risks prior to granting proxy voting authority to the Investment Manager.

## FINANCIAL INFORMATION

We do not have any adverse financial conditions to disclose under this Item.

## ERISA RULE 408(b)(2) DISCLOSURE INFORMATION FOR QUALIFIED RETIREMENT PLANS

This section generally describes the fiduciary status of investment advisory services provided by and compensation paid to Century and/or Stifel with respect to ERISA qualified retirement plans (each, a “Plan”).

### General Description of Status and Services Provided to Plans

As set forth above in the section titled “Wrap Fee Programs Offered by Stifel” of this brochure, we offer our Clients access to a variety of investment advisory Programs that are intended to assist responsible Plan fiduciaries with their prudent investment duties under ERISA. A thorough description of the services provided to a specific Plan is set forth in the applicable Advisory Agreement, and may include investment management, trading, and/or custody services, as well as participant education and guidance.

**Discretionary Investment Management Services** – Our Clients have access to discretionary ERISA fiduciary investment advisory services through a variety of Stifel Programs covered in this brochure. These Programs are as follows: Fundamentals, Solutions, Opportunity, Connect, Custom Advisory Portfolio, and Spectrum. Depending on the Program, discretionary portfolio management services may be provided directly through a Century Financial Advisor, by Stifel, or we may provide the Plan access to an Adviser that provides such discretionary investment management services.

**Non-Discretionary Advisory Services** – We also offer and provide non-discretionary investment advisory and ERISA fiduciary services through the Horizon Program, as detailed above. Non-discretionary services are provided directly by your Financial Advisor.

More detailed information about these services and Programs is provided in, and each Plan Client should review, the section above titled “*Wrap Fee Programs Offered by Stifel.*”

### Our Status

When providing discretionary and non-discretionary advisory services through a Program, each of Century and Stifel acts as a registered investment adviser under the Advisers Act. For a description of our status as a “fiduciary” under ERISA, please refer to the section titled “ERISA” in the applicable Advisory Agreement.

**General Description of Compensation Paid to Century Advisory Fees.** We accept direct compensation in the form of fees paid pursuant to the Advisory Agreement entered into with the Plan at the time of account opening. Plan Clients should refer to the applicable Advisory Agreement for the fee calculation formula specific to the Plan account. For information about the manner in which these fees are paid, please see the sections “*The Stifel Fee,*” “*Deduction of Advisory Account Fees,*” and “*Other Excluded Fees and Expenses*” of this brochure and the section entitled “Fees and Billing” in the applicable Advisory Agreement.

**Trade Errors.** As set forth above under “Trade Error Correction,” our policy is to put a Client’s account in the position that it would have been in if an error had not occurred. As a result, to the extent a trade error correction results in a gain, we will retain the resulting gain, to the extent permitted under applicable law. Pursuant to applicable guidelines, such gains may be deemed additional compensation. On our behalf, Stifel maintains a record of any losses and/or gains resulting from trade error corrections in a Client account, and will provide such information upon request.

**ADR Pass-Through Fees.** Plan accounts that invest in ADRs may also incur pass-through fees, which are typically charged by the sponsors of certain ADRs as custody-related expenses. When applicable, Stifel collects ADR pass-through fees from applicable Plan assets, then forwards all such ADR pass-through fees to the Depository Trust Company (or other applicable central securities depository).

**Compensation From Funds and Other Products.** For a description of the credits you may be eligible for in connection with investments in Funds and other products that pay Stifel Rule 12b-1 and other types of compensation, please see the sections titled “*Compensation From Funds*” and “*Compensation From Other Products*” above.

**Brokerage Practices.** For a description of compensation we receive in connection with our brokerage practices, please see the section titled “*Brokerage Practices*” above.

**Sweep.** See the sections “The Stifel Automatic Cash Investment Service” and “Disclosure Documents for Automatic Cash Investment” of Brokerage Account Agreement for information about sweep services and benefits that Stifel and its affiliates may receive in connection with deposits made through the sweep program for Plan Client Accounts. Deposits in Stifel Bank & Trust, Stifel Bank, Stifel Trust Company, N.A (each a “Stifel Bank”) will bear a reasonable rate of interest as required by 29 C.F.R. Section 2550.408b-4(b)(2). By participating in a sweep service, you authorize deposits in each Stifel Bank and acknowledge the benefits that Century, Stifel, the Stifel Bank, and your Financial Advisor derive from the arrangement. Please contact your Financial Advisor for additional information.

**Float.** In general, under ERISA, a service provider such as a custodian may retain the benefit of the use of any funds on hand that are incidental to the normal operation of the plan and that constitute earnings on funds that are (i) awaiting investment or (ii) transferred to a disbursement account for distribution from

the plan. The DOL has issued guidance that requires financial institutions to make specific disclosures to employee benefit plans, such as the Plan, regarding the circumstances under which the institution has use of, or may derive benefit from, un-invested cash pending investment or distribution (“float”). As discussed in the section of this brochure titled “*Additional Information on Fees and Other Compensation*,” if Stifel serves as custodian of a Plan Client account, Stifel may earn float on cash/funds received after the close of the NYSE (or on a day that the NYSE was closed) for the benefit of Client account, until such cash/funds are swept into the Client’s selected sweep option, typically the end of the second business day. Similarly, to the extent we request Stifel to issue a check to a Client or the Client withdraws funds through an ACH payment, or Stifel earns float on the funds covered by the check until the Client cashes the check or the ACH payment settles.

***Training and Education Expense Contributions.*** For information about payments received from investment companies or their affiliates in connection with training and achievement seminars offered to our Financial Advisors, please see the section in this brochure titled “*Training and Education Expense Contributions*.” Sponsorship amounts generally do not vary by vendor and cannot be reasonably allocated to any particular Plan Client. For example, over the past three years the amount that each participating vendor has contributed to sponsoring training or education events has generally ranged between \$5,000 and \$10,000, depending on the type of event; Stifel generally hosts approximately two to three of these internal training or education events per year. Additionally, the amount that each participating vendor has contributed toward sponsoring the Stifel annual conference has averaged approximately \$25,000, which was less than 0.00005% of Stifel’s Advisory assets as of the end of 2018.

***Non-Cash Compensation.*** Please see the section of this brochure titled “*Non-Cash Compensation*” for information about certain gifts and gratuities we may receive. Based on historic trends, we do not expect to receive non-cash compensation in excess of the de minimis threshold under DOL regulations with respect to a Plan Client.

***Termination fees.*** See the section above titled “*Compensation in Connection With the Termination of a Client’s Account Relationship With Stifel*” for information about fees that may apply if you transfer assets in your Account upon termination of your Advisory Agreement.

Plans are directed to the section “*Fees and Compensation*” in the brochure for additional details about the various other types of indirect compensation that we and/or Stifel may receive in connection with Plan assets and, to the extent applicable, the steps taken to mitigate the conflicts that may be raised by the receipt of such indirect compensation.

***Financial Advisor Compensation.*** For information about how we compensate your Financial Advisor, please see the section “*Compensation to Financial Advisors*” in this brochure.

### **Accounts Managed by Third-Party Managers**

Plan accounts enrolled in the Stifel Opportunity and/or Connect Programs may utilize the services of an Adviser (which, for purposes of this section, will encompass Investment Managers and Connect Advisers, as defined above) that is engaged to provide discretionary investment management services to the Plan. As the Adviser for the Plan, such Adviser is a fiduciary to the Plan for purposes of ERISA and a registered investment adviser for purposes of the Advisers Act. For the Stifel Opportunity Program, the Adviser’s direct compensation is part of the total fee that the client pays under the applicable Advisory Agreement; in the Stifel Connect Program, the Connect Adviser’s fee is separate from (and in addition to) the Stifel fee. In addition to the management fee, an Adviser may also receive indirect compensation, often referred to as “soft dollars” or other benefits, from other brokerage firms with which the Adviser executes trades for its client accounts. These benefits may or may not relate to trades effected for the Plan account. Plan Clients should refer to the applicable Adviser’s separate ERISA Section 408(b)(2) disclosure statement or Form ADV Part 2A for information about whether or not the Adviser receives soft dollars or similar benefits and, if so, the specific benefits received.