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**Form ADV Part 2A Brochure**

The date of this brochure is June 25, 2018

This brochure (the “Brochure”) provides information about the qualifications and business practices of Strategas Asset Management, LLC (herein, the “Firm” or “SAM”). If you have any questions about the contents of this Brochure, please contact us at 212-906-0130 or [info@strategasrp.com](mailto:info@strategasrp.com). The information in this Brochure has not been approved by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

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

**Item 2 – Material Changes**

Not applicable, since this is the initial brochure used by SAM following its registration with the Securities and Exchange Commission (“SEC”) as an investment adviser.

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**\* The SEC requires all investment advisers to organize their FORM ADV Part 2A Brochure according to specific categories of information even though some categories of information may not apply to the business of certain investment advisers. Where a required category is not relevant to the Firm's business, SAM has listed the category below and stated that it does not apply to the Firm's business.**

## **Item 4 - Advisory Business**

### **1. Background and Principal Ownership**

SAM is an investment advisory firm that was initially registered as an investment adviser with the State of New York and since May 2018 is registered with the SEC. Formed in 2014 as a New York limited liability company, SAM is wholly-owned subsidiary of Baird Financial Corporation, following its acquisition of SAM in January 2018. Baird Financial Corporation in turn is 100% owned by Baird Holding Company, and Baird Holding Company is 100% owned by Baird Financial Group, Inc., the ultimate parent. Baird Financial Group, Inc. is privately held holding company owned by the employees of Robert W. Baird & Co. Incorporated, a FINRA member broker-dealer and SEC-registered investment adviser (“Baird”). Through common ownership, SAM is affiliated with Baird and Strategas Securities, LLC (“STS”), a FINRA member broker-dealer.

SAM’s principal place of business is at 52 Vanderbilt Avenue, Eighth Floor, New York, NY 10017, with an additional office at 1773 Eye Street, Suite 420, Washington, D.C. 20006.

### **2. Services Provided**

SAM offers a suite of model portfolios to clients, which are either delivered to clients for their own use (or for use by or with their underlying clients) or are used by SAM in managing client accounts. The model portfolios are generated by SAM’s affiliate, STS, through its macro research group. SAM, pursuant to an agreement with STS, is authorized to offer and distribute the model portfolios to its clients and to manage client accounts using the model portfolios. Each model portfolio is derived from a top-down investment approach with a focus on a broad, macroeconomic, policy, quantitative, technical or other investment theme or strategy, which is then utilized to identify specific companies that are within the scope of the theme or strategy for investment. Fundamental and technical research, as well as quantitative models and industry-wide trends and activities, are researched and analyzed in developing and updating each model portfolio, including the securities contained within each model portfolio. As described in greater detail in Item 8, there are nine model portfolios, all of which are limited to publicly traded U.S. equities. Please also refer to Item 8 for information regarding the Firm’s investment philosophy.

When delivering or managing client accounts in accordance with the model portfolios, SAM does not revise or amend the model portfolios generated by STS. SAM provides the model portfolios as-is to clients. However, if requested by a client, SAM considers providing stock picks to supplement the model portfolio that the client or the client’s client may use to meet its needs or preferences. Factors that may be considered in determining whether to provide supplemental stock picks include, but are not limited to, whether the request is inconsistent with the nature, operation, or investment strategy of the model portfolio, and the number and frequency of such requests from the client. In addition, a client may request that reasonable investment limitations or restrictions apply to the client’s account managed by SAM. Otherwise, SAM does not otherwise tailor its

advisory services to the individual needs of clients because clients who engage SAM to manage their accounts will select a model portfolio as their investment strategy and that model portfolio will be used. Differences in the positions held in client accounts using the same strategy will generally be due to differences in the contributions made by clients to and withdrawals from those accounts.

SAM offers the following two services: (1) model portfolio delivery, *i.e.*, licensing clients to receive the model portfolio(s), including updates thereto (“Model Delivery Services”) and (2) portfolio management services, *i.e.*, managing clients’ assets with discretion consistent with a client selected model portfolio (“Portfolio Management Services”). SAM’s advice is limited to these services. In providing Portfolio Management Services, SAM may be engaged directly by the client as investment adviser or may serve as sub-adviser.

### ***Model Delivery Services***

SAM offers licenses to clients to receive and use the model portfolios, including regular updates thereto. The updates include the changes in the model portfolio composition and recommended rebalancing. Under this service, SAM does not manage any client assets, vote proxies or exercise any form of investment discretion over client accounts. The clients of SAM that receive the model portfolio(s), which typically are institutions such as investment advisers, are responsible for assessing initially and on an ongoing basis the viability and suitability of any investment portfolio decision they or their designee makes for themselves, their underlying clients or third parties, including decisions made based on the model portfolio. SAM offers its Model Delivery Service to most types of clients, including (without limitation) institutions such as broker-dealers and investment advisers.

### ***Portfolio Management Services***

In addition, SAM offers Portfolio Management Services as an adviser or sub-adviser to client accounts. These accounts may include individuals, trusts, family offices, companies, non-profits, corporations, other investment advisers, investment companies, and other institutional accounts. The client selects the model portfolio(s) to be used from the array of those offered by SAM based on the client’s objectives, and then agrees to have his/her/its accounts managed in accordance with the selected model portfolios and (if applicable) SAM’s supplemental stock picks and client-imposed investment restrictions. In providing Portfolio Management Services to client accounts, SAM manages the accounts with discretion. SAM’s advice is limited to these services. SAM may offer non-discretionary investment advice to certain clients but does not currently do so.

### **Separately Managed Accounts**

When acting as an adviser or sub-adviser to separately managed accounts, SAM has relationships with five entities that perform, or facilitate through third-parties, advisory, broker-dealer or custodial services for SAM clients. Those five entities are Charles Schwab & Co., Inc.; Envestnet Asset Management, Inc.; Fidelity Brokerage Services LLC

and National Financial Services LLC; Lockwood Advisors, Inc. (each a “Platform”), and Strategas Securities, LLC. Neither SAM nor its broker-dealer affiliates, STS and Baird, maintains custody of client assets/accounts or execute securities transactions for client accounts managed by SAM.

For SAM to provide model portfolios through a Platform, the client is required to enter into an appropriate written agreement(s) acceptable to SAM and the Platform. Under the respective contracts, each Platform performs or facilitates administrative and technological services, the placement of trade orders pursuant to the model portfolios, and the preparation and delivery of account statements and other reports. For these services, each Platform charges fees for securities execution, custodial and other services to the client that are separate from the fees that SAM charges. The Platforms generally pay SAM its fee out of the fee that the Platform collects from the client.

Before entering into any relationship with a Platform, clients should carefully review the information provided by the Platform, which may be the Form ADV (including the brochures), including the information that describes the services provided by the Platform and fees charged by the Platform. Clients may contact SAM’s CCO for assistance in identifying the current information for each Platform.

SAM does not sponsor a wrap fee program, *i.e.*, a single fee charged to the client for bundle services such as investment advice and brokerage services. Some services for separately managed accounts, as described above, are offered as part of a wrap fee program offered by the Platform. SAM manages wrap fee accounts similar to other non-wrap fee separately managed accounts pursuant to the model portfolio selected. For accounts that are in a wrap fee program, SAM receives a portion of the wrap fee for SAM’s services.

#### SEC-Registered Investment Companies

SAM makes its sub-advisory portfolio management services available to SEC-registered investment companies (such as mutual funds) that seek an investment strategy consistent with the model portfolios offered by SAM. SAM currently serves as sub-adviser to the Brinker Capital Destinations Large Cap Equity Fund. SAM may need to modify its model portfolios in connection with its sub-advisory services to a mutual fund or other SEC-registered investment company in order to comply with applicable investment restrictions under the Investment Company Act of 1940, as amended, or as set forth in the fund prospectus or statement of additional information. Information concerning a mutual fund, including a description of the services to be provided by and the advisory fees payable to SAM, are contained in the fund’s prospectus or other offering documents. Investment advice is provided on a discretionary basis in SAM’s capacity as sub-adviser, meaning that the fund authorizes SAM to make all investment decisions, subject to applicable restrictions and the supervision of the fund’s primary adviser and the fund’s board of trustees.

When acting as a sub-adviser to an SEC-registered investment company, SAM will consult with the fund or its investment adviser in selecting broker-dealers to execute trades and commission rates and in determining other third-party services that are needed in

connection with SAM's management of the fund's assets.

### **3. Assets Managed**

As of June 15, 2018 SAM had discretionary authority to manage accounts with assets totaling approximately \$69,500,000. As of the same date, SAM had no client assets that it managed on a non-discretionary basis. SAM also delivers model portfolios to clients such as investment advisers and, although not regarded as client assets, believes that those model portfolios are used or evaluated for accounts with an aggregate value of about \$155 million at June 15, 2018.

### **Item 5 – Fees and Compensation**

SAM's fee depends on the type of service the client receives. In addition to SAM's fees discussed below, clients are or may be responsible for brokerage commissions, markups, markdowns, other investment advisory fees, custodial fees, platform fees, and other sales charges and transaction fees resulting from transactions in their accounts. All fees paid to SAM for services are separate and distinct from these fees. Please refer to Item 10 for information regarding SAM's material relationships and potential conflicts of interest. Please refer to Item 12 below for information regarding brokerage practices.

#### ***Model Delivery Services***

Unless otherwise agreed, SAM charges its fees quarterly in arrears for Model Delivery Services clients. Typically, SAM's fee is at an annual rate ranging from 20 to 35 basis points, *i.e.*, 0.20% to 0.35%, on the assets invested in the selected model portfolio. SAM's fee is negotiable. SAM's fee is separate and distinct from any fees the SAM clients (or their underlying clients) may incur in using the model portfolios to invest, including the fees of investment advisers, broker-dealers, or custodians.

Under these arrangements, the Model Delivery Services client agrees to pay SAM a fee based on the market value of the total assets invested on the last trading day of each quarter in accordance with the selected model portfolio(s) across all accounts utilizing such model portfolio(s) during the immediately preceding calendar quarter, including if some or all of any such accounts are then held in cash. The client further agrees to provide SAM a report with the total account balances and a proposed calculation of the fee owed to SAM. SAM reviews the report and invoices the client for the fees owed to SAM.

Upon the request of the client, SAM may accept quarterly payment in advance of services based on the market value of the total assets invested as of the last trading day of the prior quarter. If a client terminates the agreement or otherwise removes assets from the model portfolio prior to quarter-end, SAM refunds automatically a *pro rata* share of the fee on a per diem basis.

#### ***Portfolio Management Services***

#### **Separately Managed Accounts**

For SAM to provide Portfolio Management Services to clients through a Platform, the client is required to enter into an appropriate written agreement(s) acceptable to SAM and the Platform. The terms of the underlying contracts describe the fee arrangements. SAM's fee is negotiable.

Charles Schwab & Co., Inc.: Unless otherwise agreed, clients authorize the Platform to deduct SAM's fee, as well as other fees, directly from the client's custodial account on a quarterly basis in arrears and then remit SAM's fee to SAM. Typically, SAM's fee is at an annual rate of 35 basis points, *i.e.*, 0.35%, of the value of client assets invested in the selected model portfolio. SAM's fee is negotiable. SAM's fee is separate and distinct from any fees, costs, charges and commissions that the SAM client may incur in using the Platform to invest, including the fees, costs, charges and commissions of investment advisers, broker-dealers, or custodians. Clients should review their agreements with Schwab to determine what those fees, charges and commissions may be. SAM's fee will be pro-rated on a per diem basis if its services begin or end other than at the end of a quarter.

Envestnet Asset Management, Inc.: Unless otherwise agreed, clients authorize the Platform to deduct SAM's fee, as well as other fees, directly from the client's custodial account on a quarterly basis in advance and then remit SAM's fee to SAM. Clients typically pay a total fee at an annual rate of 1.00%, of which a portion (0.10%) is paid to Envestnet, a portion is paid to the custodian, with the balance paid to SAM. The amount paid to SAM includes a fee for managing the client's account at an annual rate of 35 basis points, *i.e.*, 0.35%, of the value of client assets invested in the selected model portfolio, plus an additional fee at an annual rate of up to 0.55% for providing investment advice to the client, including advice regarding the client's asset allocation or strategy and selection of appropriate manager and model portfolio. SAM's fees are negotiable. SAM's fee is separate and distinct from any fees, costs, charges and commissions that the SAM client may incur in using the Platform to invest, including the fees, costs, charges and commissions of investment advisers, broker-dealers, or custodians. Clients should review their agreements with Envestnet to determine what those fees, charges and commissions may be. If a client terminates the agreement or otherwise removes assets from the model portfolio prior to quarter end, SAM refunds automatically a *pro rata* share of its fee on a per diem basis by calculating the number of days during the quarter in which SAM managed the client's account divided by the total number of days in the quarter.

Fidelity Brokerage Services LLC and National Financial Services LLC: Unless otherwise agreed, clients authorize the Platform to deduct SAM's fee, as well as other fees, directly from the client's custodial account on a quarterly basis generally in arrears and then remit SAM's fee to SAM. Typically, SAM's fee is at the annual rate of 35 basis points, *i.e.*, 0.35%, of the value of client assets invested in the selected model portfolio. SAM's fee is negotiable. SAM's fee is separate and distinct from any fees, costs, charges and commissions the SAM client may incur in using the Platform to invest, including the fees, costs, charges and commissions of investment advisers, broker-dealers, or custodians. Clients should review their agreements with NFS/Fidelity to determine what those fees, charges and commissions may be. If a client terminates the agreement or otherwise



removes assets from the model portfolio prior to quarter end, SAM will initiate a fee reimbursement through the Advisor Fee Deduction tool found on Fidelity's Wealthscape platform and will be paid for the portion of fee attributable to the number of days in the quarter during which SAM managed the client's account expressed as a percentage of the total number of days in the quarter.

Lockwood Advisors, Inc.: Unless otherwise agreed, clients authorize the Platform to deduct SAM's fee, as well as other fees, directly from the client's custodial account on a quarterly basis in advance and then remit SAM's fee to SAM. Typically, SAM's fee is at an annual rate of 42 basis points, *i.e.*, 0.42%, of assets invested in the selected model portfolio. SAM's fee is negotiable. SAM's fee is separate and distinct from any fees, costs, charges and commissions the SAM client may incur in using the Platform to invest, including the fees, costs, charges and commissions of investment advisers, broker-dealers, or custodians. Clients should review their agreements with Lockwood Advisors to determine what those fees, charges and commissions may be. Fees are collected when accounts are incepted and if the account begins in the middle of a quarter, the fee will be pro rated, based on the number of days in the quarter in which SAM will be managing the account. If a client terminates the agreement before the end of a quarter, fees are refunded on same per diem basis.

If SAM agrees to provide Portfolio Management Services directly to clients and not through a Platform, SAM's fee will be paid out of the client's account with the custodian quarterly in advance. The fee will be at an annual rate ranging from 25 to 50 basis points, *i.e.*, 0.25% to 0.50%, of the value of the assets in the client's account, which fee will vary depending on the model portfolio selected by the client. SAM's fee is negotiable. If SAM's services begin other than at the beginning of a quarter, the quarterly fee for that quarter will be reduced based on the number of days elapsed in the quarter before SAM commenced management of the client's account reflected as a percentage of the total number of days in the quarter. If the client terminates his or her relationship with SAM other than at the end of quarter, SAM will refund a portion of the quarterly fee that has been paid based on the number of days during the quarter in which SAM managed the client's account.

### **Registered Investment Companies**

If SAM serves as sub-advisor to a registered investment company such as a mutual fund, its fee will either be paid by the investment adviser out of its management fee or be paid directly by the fund out of its custodial account. Typically, SAM's fee is accrued daily and paid monthly at an annual rate of 35 basis points, *i.e.*, 0.35%, of the value of the fund assets managed by SAM; however, SAM's fee is negotiable. SAM's fee is separate and distinct from any fees the SAM client may incur as a result of investing in the registered investment company, including sales loads (if any) and fund operating expenses (such as management fees, distribution or 12b-1 fees, custodial fees, transfer agency fees, administrative service fees, etc.).

### **Item 6 – Performance-Based Fee and Side-by-Side Management**

SAM does not charge any performance-based fees that are based on a share of

capital gains on, or capital appreciation of, the assets of a client.

## **Item 7 – Types of Clients**

SAM offers the Model Delivery Service to clients that invest directly, or on behalf of their clients. Generally, SAM's clients include (without limitation) institutions such as broker-dealers and investment advisers. SAM does not require a minimum asset amount for this service.

SAM offers the Portfolio Management Services to clients that utilize one or more of the model portfolios for assets maintained in an account. Generally, SAM's clients include (without limitation) individuals, high net worth individuals, pooled investment vehicles, and other investment advisers. These clients must select a Platform. Clients should review their agreements with SAM and the Platform to determine the requirements for opening and maintaining an account. The agreements applicable to Envestnet Asset Management, Inc. have an account minimum of \$50,000 of assets maintained in the client's account. When working with the other Platforms, SAM may impose an account minimum of \$100,000 of assets maintain in the client's account. Special considerations may justify acceptance of smaller accounts or rejection of larger accounts. For clients who contract directly with SAM rather than through a Platform, the account minimum is \$200,000, which can be waived at SAM's discretion.

SAM also offers the Portfolio Management Services to registered investment companies, in which it would serve as sub-adviser. Information concerning a mutual fund, including a description of the services to be provided by and the advisory fees payable to SAM, are contained in the fund's prospectus or other offering documents.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **1. Investment Philosophy and Methods of Analysis**

The model portfolios are generated by SAM's affiliate, Strategas Securities, LLC ("STS"), a FINRA member broker-dealer. SAM, pursuant to an agreement with STS, is authorized to offer and distribute the model portfolios to its clients. With limited exceptions, SAM does not revise or amend the model portfolios provided by STS, and does not tailor the model portfolios to meet any specific client's needs or preferences.

Each model portfolio is derived from a top-down investment approach with a focus on a broad, macroeconomic theme (for example, strategy, economics, policy, fixed income, quantitative, and technical), which is then utilized to identify specific companies that are within the scope of the theme for investment. Model portfolios typically limit investments to U.S. equities. Fundamental and technical research, as well as quantitative models and industry-wide trends and activities, are researched and analyzed in developing and updating a model portfolio, and the securities contained within the model portfolio.

### **2. Overview of Investment Strategies**

SAM offers nine model portfolios. The portfolios are updated monthly, quarterly, bi-annually or annually and *ad hoc* when significant corporate events of a portfolio company (*e.g.*, merger, acquisition, bankruptcy) occur. The model portfolios primarily invest in publicly traded US equity securities.

- The **Policy Opportunity Strategy** identifies companies that lobby to influence public policy that affects or may affect them or their industries. Most analyst models do not account for corporate “lobbying spend”. Thus, the earnings benefit derived from corporate lobbying may be mispriced. This investment process begins with 500 stocks and results in the selection of 50 equally-weighted stocks. The model portfolio is updated four times per year. Specific risks associated with this strategy include (without limitation) political risks, including changes that may impair the ability of companies to affect government policy.
- The **New Sovereigns Portfolio Strategy** offers an equity alternative to sovereign credit. Because the yield of sovereign credit is at multi-generational lows, this model uses market-measured credit default risk to produce an equity alternative that attempts to mimic the quality, yield and safety of a sovereign credit portfolio. This investment process begins with a broad universe of large cap stocks and results in the selection of 50 equally-weighted stocks. The model portfolio is updated four times per year. Specific risks associated with this strategy include (without limitation) a decline in the investor appetite for yield oriented investments and an increase in investor appetite for small-cap companies.
- The **Large-Cap Dividend Growth Strategy** identifies large-cap companies that provide both dividend yield and dividend growth. SAM identifies companies with the strongest risk-adjusted returns based on research that those companies are more likely to generate dividend yield and dividend growth. This investment process begins with 500 stocks and results in the selection of 20-35 equally-weighted large-cap stocks. The model portfolio is updated four times per year. Specific risks associated with this strategy include (without limitation) any changes in dividend policies for companies in the portfolio, a decline in the investor appetite for yield oriented investments, and an increase in investor appetite for small-cap companies.
- The **Foreign Profit Repatriation Strategy** invests in companies that have a high percentage of foreign profits offshore that do not pay US taxes on those profits. These companies may benefit from the US government lowering its corporate tax rate to a level below the amount these companies are paying abroad. This investment process begins with 500 stocks and results in the selection of 50 equally-weighted stocks. The model portfolio is updated bi-annually. Specific risks associated with this strategy include (without limitation) the failure of the executive and legislative branches to adopt laws and regulations designed to encourage companies to pay US taxes on more assets, as well the failure of companies to change their tax reporting practices, notwithstanding such corporate tax reforms.

- The **Large-Cap Earnings Momentum Alpha Strategy** invests in large-cap companies that exhibit strong upward earnings revisions and attractive relative valuations. To identify such companies, the percentage of net-upward revisions, which is calculated by taking the number of analysts who have revised earnings estimates up for a specific company and dividing it by the total number of estimates for that specific company over a rolling 90-day time period, is determined. The relative price-to-earnings ratio for a company as applied to that company's sector is also determined. This investment process begins with 500 stocks and results in the selection of 45-50 equally-weighted stocks. The model portfolio is updated monthly. Specific risks associated with this strategy include (without limitation) overexposure in one's portfolio to securities with recent above-average returns, a change in the breadth of reported earnings estimates, and models and data that are incorrect or incomplete.
- The **Mid-Cap Earnings Momentum Alpha Strategy** invests in mid-cap companies that exhibit strong upward earnings revisions and attractive relative valuations. To identify such companies, the percentage of net-upward revisions, which is calculated by taking the number of analysts who have revised earnings estimates up for a specific company and dividing it by the total number of estimates for that specific company over a rolling 90-day time period, is determined. The relative price-to-earnings ratio for a company as applied to that company's sector is also determined. This investment process begins with 400 stocks and results in the selection of 35-40 equally-weighted stocks. The model portfolio is updated monthly. Specific risks associated with this strategy include (without limitation) overexposure in one's portfolio to securities with recent above-average returns, a change in the breadth of reported earnings estimates, and models and data that are incorrect or incomplete. In addition, the price of securities of mid-cap companies generally are more volatile than the price of securities of large-cap companies.
- The **Large-Cap Free Cash Flow Growth Strategy** invests in companies with the strongest growth in operating free cash flow. This investment process begins with 500 stocks and results in the selection of 40-50 equally-weighted stocks. The model portfolio is updated monthly. Specific risks associated with this strategy include (without limitation) market risk models and data that are incorrect or incomplete.
- The **Large-Cap Anti-Austerity Strategy** invests in large-cap companies most levered to government spending. These companies perform best in periods with increased government spending. This investment process begins with a review of publically traded companies with federal government contracts and results in the selection of 14 equally-weighted stocks. The model portfolio is updated annually. Specific risks associated with this strategy include (without limitation) decreases in government spending, including reduced government funding for the US military.
- The **SMid-Cap Anti-Austerity Strategy** invests in small and mid-cap companies most levered to government spending. These companies perform best in periods

with increased government spending. This investment process begins with a review of publically traded companies with federal government contracts and results in the selection of 26 equally-weighted stocks. The model portfolio is updated annually. Specific risks associated with this strategy include (without limitation) decreases in government spending.

### **3. Risks of Loss**

Clients should be aware of the following risks associated with the model portfolios offered by SAM:

**Political Risk** – US federal law imposes obligations on companies to disclose certain information on lobbying spend. If the law were to limit or eliminate such disclosures, that change could have a material, negative impact on the ability of SAM to gather information regarding corporate lobbying spend. In addition, federal law governing corporate taxes has been relatively stable for decades. The US federal government is evaluating possible reforms to corporate taxes. It is unclear at this time whether and to what extent the federal government will amend corporate tax law.

**Geopolitical Risk** – SAM model portfolios are exposed to complex geopolitical risks. Some geopolitical risks are normal, while others are in a heightened state. For instance, many of the companies in which SAM recommends have a presence in the European Union, including the United Kingdom. It is unclear at this time what impact the exit of certain countries from the European Union will have on the US economy and companies. In addition, the anti-globalization sentiment is growing in parts of the world, causing the renegotiation of trade and other deals between major superpowers, including the United States. It is unclear at this time what impact the renegotiation of certain trade deals will have on the US economy and companies.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates (in the United States and other markets around the globe) may reduce or increase the market value of a security.

**Investment Risk** – Investing in securities involves risk of loss that clients should be prepared to bear. SAM's past performance, or the past performance of its investment strategies, is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account's performance and result in a capital loss in that client account.

**Model Risk** – Any imperfections, limitations, or inaccuracies in models could affect the viability of the model portfolio. By necessity, model portfolios make simplifying assumptions that may limit the model's effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or may not include the most current information available.

**Equity Risk** – The prices of equity securities rise and fall. These price movements

may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time. Large cap equities tend to go in and out of favor based on market and economic conditions.

**Industry Risk** – Investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact investment returns. Investments focused in a particular industry are subject to greater risk and are more impacted by market volatility than less concentrated investments.

**Management Risk** – SAM applies the client selected model portfolio in making investment decision for its client, but there can be no guarantee that such decisions will produce the desired results.

The foregoing list of risks does not purpose to be a complete enumeration or explanation of all the risks involved in SAM's investment strategies. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

#### **Item 9 – Disciplinary Information**

SAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or a prospective client's evaluation of SAM or the integrity of its management. As of the date of this Brochure, SAM has no information applicable to this Item.

#### **Item 10 – Other Financial Industry Activities or Affiliations**

##### **Material Relationships**

SAM maintains the following relationships that are material to SAM's investment advisory business:

**1. Strategas Securities, LLC:** SAM has entered into an agreement with its affiliate, Strategas Securities, LLC (STS), a FINRA member broker-dealer, that produces the model portfolios and updates, which SAM is licensed to use, offer and provide to its clients. SAM does not produce its own model portfolios. STS provides the model portfolios to SAM as well as to its own brokerage clients. Without this relationship, SAM would not have these model portfolios to provide to its clients, nor be able to provide Portfolio Management Services pursuant to these model portfolios.

Each SAM supervised person (other than its Chief Compliance Officer) is also a registered representative of STS. SAM's Chief Compliance Officer is a registered representative of Baird, an affiliate of SAM. As STS registered representatives, certain SAM supervised persons receive compensation based on a percentage of commissions

generated by STS institutional brokerage clients who receive one of the model portfolios through STS. This presents a potential conflict of interest when an institutional brokerage client could potentially obtain access to a model portfolio either as a brokerage client of STS or an advisory client of SAM, as STS/SAM may have an incentive to recommend the relationship that would be most profitable rather than the relationship that is in the client's best interest. To address this, STS and SAM each have a policy to notify potential institutional clients of the availability of the model portfolio through both types of arrangements. SAM notes that this conflict does not arise with respect to non-institutional accounts as STS limits its brokerage activities to institutions.

The relationship between STS and SAM also creates a potential conflict of interest with regard to the timing of the provision of the model portfolio to each of STS' clients, SAM's Managed Delivery clients, and SAM's Portfolio Management clients (separately managed accounts and SEC registered investment companies). SAM has a fiduciary duty to act in the best interest of all its clients, including treating each client fairly. To ensure that all clients are treated fairly, SAM and STS have a policy governing the distribution of the model portfolios updates to their clients. Upon becoming a client of either SAM or STS, such client entitled to a model portfolio update is randomly placed on the SAM/STS list of clients, which then provides the order in which the model portfolio updates are delivered to clients. After a model portfolio update has been delivered to all clients, the list rotates, with the client at the top of the list going to the bottom of the list. When distributing model portfolio updates, SAM and STS send the updates after market close and before market open to minimize the possibility that one or more SAM or STS clients will be able to trade based on such updates before other clients are able to trade.

Institutional clients of SAM may have the option of receiving the model portfolio through SAM's affiliate, STS. Further, similar model portfolio services may be offered by other investment advisers that may cost clients more or less than receiving the services from SAM.

SAM does not place orders for securities transactions with the client account it manages with STS. Rather, SAM used unaffiliated broker-dealers.

**2. The Platforms:** SAM has entered into agreements with third-party, money management platforms (the Platforms) to utilize their respective platform services in providing Portfolio Management Services to clients. The Platforms provide or facilitate a full-suite of services including, but not limited to, order management, order entry, custodial relationships, brokerage, billing, invoicing, and performance analytics. As a result of receiving such services at a reduced cost (or at no additional cost) to SAM, SAM may have an incentive to continue to use or to expand the use of the Platforms, including their brokers and custodians. SAM has made reasonable efforts to confirm that the commissions and other fees charged by each are reasonable in relation to the value of the services received. To the extent that the fees received by SAM for managing accounts using a model portfolio may vary from Platform to Platform, SAM may have an incentive to recommend that clients use a Platform that pays SAM a fee at a higher rate than a Platform that pays SAM a fee at a lower rate.

From time to time, SAM may receive a client referral from a Platform. SAM does not allow such referrals to affect the investment advice SAM provides clients. If a prospective client approaches SAM with a Platform already selected, SAM does not counsel the prospective client on other Platforms. If a prospective client specifically asks SAM for a recommendation on which Platform to select, SAM provides the prospective client with platforms available but does not recommend one over another. SAM's practice of not recommending alternate Platforms to certain clients may cause certain clients to pay commissions and other fees that are higher than another qualified platform might charge to maintain the account or effect the same transactions.

**3. Affiliation with Baird:** SAM is owned by Baird Financial Corporation is under common control with Robert W. Baird & Co. Incorporated (Baird), a FINRA member broker-dealer and SEC-registered investment adviser. SAM currently does not conduct any business with or through Baird and no agreement or arrangement is in place between SAM and Baird. However, Baird has offered to provide support services to SAM on legal and compliance matters, and SAM's Chief Compliance Officer also serves as Senior Associate General Counsel of Baird.

### **Compensation of some SAM Supervised Persons**

Some of SAM's supervised persons receive compensation based on the total assets invested using a model portfolio, by a client solicited by the supervised person. The compensation is a percentage of the fee received by SAM from the client. SAM's supervised persons negotiate with SAM to establish the percentage of fee the supervised person will receive. This compensation practice presents a potential conflict of interest because it gives SAM's supervised persons an incentive to recommend model portfolios based on the compensation they will receive rather than on a client's need. The portfolio manager or his designee periodically monitors client accounts to confirm the model portfolio recommendations are in the best interest of each client.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

SAM has adopted a Code of Ethics to ensure that securities transactions by our employees are consistent with SAM's fiduciary duty to its clients and to ensure compliance with legal requirements and our standards of business conduct.

SAM does not buy or sell securities for its own account. However, SAM manages client accounts that are owned by persons associated with SAM. Such client accounts are treated in the same manner as all other SAM client accounts.

SAM's employees and supervised persons are permitted to buy or sell for their personal accounts the same securities held in client accounts. However, SAM's employees and supervised persons are not permitted to personally benefit from the short-term market effects of SAM's investment recommendations, and may not trade ahead of SAM clients or trade in such a way to obtain a better price for themselves than SAM's



clients. SAM's employees and supervised persons are prohibited from entering into any securities transactions, without approval from SAM's Chief Compliance Officer, during a blackout period beginning seven days prior to the anticipated date on which a model portfolio will be updated and continuing for seven days after the model portfolio has been released to clients and those updates have been implemented by SAM in client accounts it manages. Addition, no SAM supervised person may enter into a securities transaction regarding a particular security if the person knows or has reason to believe that security will be traded for a client account managed by SAM. The CCO or his designee may authorize such personal securities transactions if he or she determines the transaction does not conflict with a fiduciary duty owed to a SAM client. SAM's employees and supervised persons are also prohibited for using/ misusing material non-public information or engaging in insider trading.

SAM's employees and supervised persons are permitted to buy or sell for their personal accounts the shares of mutual funds for which SAM serves as an advisor or sub-advisor. SAM in providing Portfolio Management Services does not recommend to clients the shares of mutual funds for which it serves as an advisor or sub-advisor.

SAM's employees and supervised persons must comply with SAM's Compliance Procedures Manual and Code of Ethics, which impose these personal trading and other restrictions. On a quarterly and annual basis, SAM's employees and supervised persons must report their personal securities trading activity and securities holdings, with limited exceptions, to SAM. The CCO or his designee reviews the quarterly and annual reports for any improper trading activity.

Any individual who fails to comply with the Compliance Procedures Manual or Code of Ethics may be subject to discipline. A copy of SAM's Code of Ethics is available upon request from Charles Weber, Chief Compliance Officer, at 414-298-2474 or by email at [info@strategasrp.com](mailto:info@strategasrp.com)

## **Item 12 – Brokerage Practices**

### **A. Selection of Broker-Dealers**

#### **Portfolio Management Clients – *Separately Managed Accounts.***

SAM does not trade portfolio securities for Model Portfolio Delivery clients. It only trades portfolio securities for Portfolio Management Services clients. However, as a result of how SAM structures its business, SAM generally does not select or recommend broker-dealers for client transactions. Rather, the Platform selected by the client generally selects and recommends the broker-dealer for the client's trades. These Platforms may have affiliated broker-dealers that offer commission rates that are lower or may offer wrap fee services for clients in which the fee paid by the client covers securities transactions and no separate commissions are charged. Although the Platforms may give the right to select other broker-dealers to execute trades if determined by SAM that it is in the client's best interest to do so consistent with SAM's best execution obligation, it is unlikely that SAM will place orders with broker-dealers that do not have custody of client accounts on a

Platform because the Platform's broker-dealers are capable of efficiently executing trades in the types of liquid publicly traded US equities in which SAM primarily invests for client accounts and they do so either at attractive commission rates or, in the case of wrap fee relationships, without commissions.

If SAM has the discretion to select the broker-dealer to execute portfolio trades for Portfolio Management Services clients, SAM seeks to obtain quality execution for security transactions through brokers and dealers. The primary consideration in the execution of all portfolio transactions is prompt execution of orders in an efficient manner at as favorable a price as possible under the circumstances. In selecting broker-dealers and negotiating commissions, SAM considers a variety of factors including, among others, the price of the security, the quality of execution and liquidity services provided by the broker-dealer, the broker-dealer's ability to obtain a timely execution, the size and difficulty of the order, the reliability, efficiency, accuracy and integrity of the broker-dealer's general execution and operational capabilities, and the broker-dealer's financial condition. Under no circumstances does SAM consider, in selecting brokers or dealers to execute transactions for SEC registered investment companies, a broker's or dealer's promotion or sale of shares issued by the fund client. SAM does not enter into any agreement (oral or written) or other understanding under which SAM directs portfolio transactions, or any remuneration to a broker/dealer, in consideration for the promotion or sale of shares issued by a fund client.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the execution capability, commission rates and the benefit to the client.

Although SAM is affiliated with two broker-dealers, STS and Baird, SAM will not select either such broker-dealer to execute portfolio securities trades for client accounts managed by SAM due to the potential conflict of interest, without the prior consent of the client after appropriate disclosures are made to the client.

#### 1. Research and Other Soft Dollar Benefits

SAM generally does not receive research products or services from, or enter into arrangements with broker-dealers for the receipt of research products services, which are paid for using client commissions. These are known as "soft dollar benefits." The model portfolios that SAM delivers to clients or uses to manage client accounts are generated by STS and thus SAM generally does not need any research services from broker-dealers or other third parties. However, it has the right to do so. To the extent it chooses to receive research or other products or services, in addition to execution services, from a broker-dealer in connection with client securities transactions without any separate payment from SAM out of its own resources for such services, SAM will rely on Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) allows asset managers such as SAM to cause clients to pay higher commissions to a broker-dealer that provides research and other services in addition to execution than the commissions charged by broker-dealers that

provide execution-only services, so long as SAM determines in good faith that the amount of commission to that broker-dealer was reasonable in relation to the value of the brokerage and research services provided by that broker-dealer. These services may include investment-related research on individuals companies, sectors, industries and other market segments, pricing information and market data, investment professional and portfolio management publications, economic, policy, industry and other technical journals, attendance at conferences, meetings, and/or educational or social events, computer software or other products and services useful to SAM in providing investment advisory services to clients. These research and other products and services would be used to service all of SAM accounts, not just the client accounts managed by SAM whose commissions are used to pay for the services.

The receipt of such services may give SAM an incentive to consider such services in connection with recommending or continuing relationships with the entities that provide such services. SAM ensures that it has determined in good faith that the commissions and other fees charged by each are reasonable in relation to the value of the brokerage and other services contracted for and received.

In addition to the soft dollar arrangements described above, as discussed in Item 4, SAM provides advisory services through certain platforms that provide brokerage and custodial services. The Platforms allow SAM to access, on behalf of its client accounts, institutional trading desks typically not available to retail investors. Other benefits SAM may receive through its participation in the Platforms include the following products and services (provided without cost or at a discount): research related products and tools, consulting services, access to block trading, the ability to have advisory fees deducted directly from client accounts, and discounts on compliance, marketing, research, technology and practice management products or services. The benefits that SAM receives do not depend on the number of SAM clients who execute their trades through, or custody their accounts at, such platforms. The Platforms generally do not disclose the cost of these benefits to SAM. Although the commissions charged to SAM clients with respect to such platforms may be higher than the lowest commissions available, SAM has determined that these commissions are reasonable in view of the execution capabilities of the Platforms, the level of services provided to SAM clients, and the ancillary services provided to the Firm.

## 2. Brokerage for Client Referrals

SAM does not consider, in selecting or recommending broker-dealers, whether SAM or a related person of SAM receives client referrals from a broker-dealer or a third party.

As discussed above and in Item 4, SAM has relationships with certain Platforms through whom SAM provides advisory services to its clients and from whom SAM receives some research and other benefits. SAM receives client referrals from these Platforms. Accordingly, SAM may have an incentive to recommend these Platforms, and the brokerage services of these Platforms, based on its interest in receiving these services and referrals rather than the clients' interest in receiving most favorable execution.

### 3. Directed Brokerage

SAM typically does not select the broker-dealer that executes the trades on behalf of SAM clients whose accounts are on a Platform. Rather, the Platform typically selects the broker-dealer. This is regarded as form of directed brokerage.

In addition, SAM clients may be permitted to direct brokerage under the terms of their agreement between them and the Platform or otherwise by so informing SAM. Where the client directs brokerage, SAM may be unable to achieve the most favorable execution for the client's trades. Where the client directs brokerage, the client may be foregoing any benefit from savings on execution costs that SAM or the Platform could obtain as a result of negotiating the commission or aggregating (as discussed below) transactions with other clients. Such clients may pay higher commissions than clients who have not directed SAM or the Platform to execute transactions through a specific broker or dealer. Such clients may also not receive the most favorable available price with respect to certain transactions effected for the client's account. Clients directing brokerage to a particular broker-dealer have the responsibility of determining whether the commissions, executions, clearance and settlement capabilities, and fees for custodial or other services provided to the client by that broker-dealer are appropriate.

#### **B. Aggregated Trades**

SAM may aggregate securities transactions for multiple accounts using the same model portfolio when it is feasible to do so. For instance, when multiple client accounts in the same model portfolio are on the same Platform and model updates are being implemented across those accounts, the trades for those accounts are generally aggregated. An aggregation of client orders is also known as a block or bunched trade. Each client that participates in a block trade on a Platform (and if applicable, a block trade for clients who are not on a Platform) must do so at the average price for all transactions that are part of the block trade.

Transactions for a client that has directed the use of a particular broker or dealer or transactions over which SAM does not have discretionary authority may not be combined in a bunched or block order and may be placed at the end of bunched trading activity for a particular security. This may result in the client receiving a price that is less favorable than the price obtained for the bunched orders, and may also result in higher commissions, greater spreads or less favorable net prices.

SAM follows a trade rotation policy pursuant to which the Platforms (and, if applicable, a block trade for clients who are not on a Platform) are placed on a randomly generated list, which then provides the order in which the block trades are executed. After a block trade has been executed, the list rotates, with the Platform at the top of the list going to the bottom of the list.

### **Item 13 – Review of Accounts**

#### **Account Reviews**

SAM periodically reviews client accounts to ensure SAM is delivering its services in accordance with the terms of the applicable agreements.

For Model Portfolio Delivery Services clients, SAM's CCO or his designee reviews the services at least quarterly to confirm the client has received the correct model portfolio information. These quarterly reviews typically coincide with the quarterly distributions of model portfolio updates.

For Portfolio Management Services clients, the portfolio manager or his designee reviews the client's account at least quarterly to confirm the client has received the correct model portfolio information and (where applicable) the portfolio has been rebalanced in accordance with the model portfolio update. The portfolio manager or his designee also checks accounts for compliance with client-imposed restrictions. These quarterly reviews typically coincide with the quarterly distributions of model portfolio updates.

### **Account Reporting**

For Model Delivery Services clients, SAM typically does not provide written or oral reports to its model delivery clients regarding their accounts other than the invoices for fees. Clients may request information regarding the model portfolio updates from SAM at any time.

For Portfolio Management Services clients (separately managed accounts), SAM and/or the Platform provide reporting to clients consistent with the agreements entered into between the client, SAM, and the Platform. At a minimum, the clients receive a quarterly written statement that includes, among other things, the securities, quantity, and end of quarter value, and an annual statement of realized gains/losses. Clients may request information regarding their accounts from SAM at any time. As appropriate or needed, SAM works with the Platform to respond to such requests.

For portfolio management clients (registered investment companies), SAM and/or the registered investment company provides or facilitates reporting to clients consistent with the agreements entered into between the SAM and the registered investment company, among others. At a minimum, the clients receive a quarterly written statement that includes, among other things, the securities, quantity, and end of quarter value, and an annual statement of realized gains/losses. Clients may request information regarding their accounts from SAM at any time. As appropriate or needed, SAM works with the registered investment company to respond to such requests.

### **Item 14 – Client Referrals and Other Compensation**

SAM and its employees or supervised persons do not receive any additional economic benefit (including for example, sales awards or other prizes) from any non-client for providing investment advice or other advisory services to SAM clients.

SAM does not enter into any agreements (oral or written) or other understanding under which SAM pays, either directly or indirectly, any compensation to third parties for client referrals. SAM personnel, as well as STS personnel, may receive referral compensation, however. As explained above, SAM participates in institutional programs that provide a platform, including access to brokers and custodians, to SAM's clients. From time to time, SAM may receive a client referral from one of the Platforms. SAM does not allow such referrals to affect the investment advice SAM provides clients.

#### **Item 15 – Custody**

Certain SAM clients receive account statements from the qualified custodian that holds their funds or securities. SAM does not have custody of client accounts, except to the extent it is authorized to deduct its fees from those accounts. SAM clients should review the statements from the qualified custodians carefully. These clients generally do not receive account statements from SAM as well. To the extent they do, SAM clients are urged to compare the statements from SAM against the statements received from the qualified custodian. When clients have questions about their account statements, they may contact, as appropriate, SAM or the qualified custodian.

#### **Item 16 – Investment Discretion**

SAM exercises discretionary authority when providing Portfolio Management Services to clients. Before SAM can assume discretionary authority to manage client assets, the client must enter into a written agreement that gives SAM, either directly or through a primary investment adviser, the power to make purchase and sale decisions for the client account. The written agreement may be an advisory agreement between SAM and the client, or a sub-advisory agreement between SAM and the client's adviser, including (but not limited to) the relevant Platform. In some instances, SAM's discretionary authority in making these decisions may be limited by reasonable restrictions or modest investment changes regarding the securities selected for a model portfolio imposed by the client.

Where investment discretion has been granted, SAM manages the client's portfolio and makes investment decision without specific direction from the client subject to the client's selected model portfolio. Such decisions include determinations regarding which securities are bought and sold for the account, and the total amount of the securities to be bought and sold.

See "Item 12 Brokerage Practices" regarding SAM's practices on brokerage discretion.

#### **Item 17 – Voting Client Securities**

For certain clients, SAM, as directed by the client in writing, is responsible for voting proxies related to securities held in the client's account. This is typically the case when SAM manages the client's account with discretion. In voting proxies, SAM relies on advice offered by a third-party proxy advisory firm, which is currently Institutional

Shareholder Services (“ISS”). Using a proxy advisory firm is in the client’s best interest because, unlike SAM, such firms have staff dedicated to assessing business, political, and financial risks related to corporate governance on a worldwide basis. For each proxy advisory firm that SAM has engaged, SAM reviews at least annually the firm’s guidelines and capabilities in analyzing proxy issues and providing voting recommendations. SAM also periodically reviews the conflict procedures of the proxy advisory firms to determine their effectiveness.

For these clients, SAM typically votes proxies in accordance with the proxy advisory firm’s benchmark guidelines for proxy voting. From time to time, ISS may not have a recommendation or may defer to SAM with respect to a particular matter to be voted upon. In such cases, SAM generally votes a proxy as the board of directors of a company recommends, unless SAM believes the recommended vote is not in the best interest of SAM’s clients.

Conflicts can arise when SAM, its affiliates, or a SAM employee has a financial, business or personal relationship with the issuer (or its affiliates, plans or management) of a proxy proposal for a security held in a client’s account. To avoid potential conflicts of interest, SAM generally votes proxies in accordance with the proxy advisory firm’s benchmark guidelines. In limited situations, SAM may vote for a particular issue contrary to the recommendation of the proxy advisory firm if SAM believes a vote contrary to the proxy advisory firm’s recommendation is in the best interest of SAM’s clients. In these instances or when ISS may not have a recommendation, SAM has a proxy voting committee that considers the portfolio manager’s recommendation and rationale and any potential conflicts of interest and then determines how the proxy should be voted. SAM’s CCO or his designee reviews all votes before they are cast to ensure they are in the best interest of SAM’s clients.

If a client would like to know how SAM voted any proxy in their account, they may contact the person at SAM who handles their account. If they would like a complete copy of SAM’s written proxy voting procedures and the relevant proxy advisory firm’s benchmark guidelines, which detail the policies and procedures for casting proxy votes, they may contact SAM’s CCO.

For Model Delivery Services clients and other clients who have not given SAM discretion to vote proxies, SAM is not responsible for voting proxies related to securities held in the client’s account. Clients should review the terms of their account paperwork to determine if and how they will receive their proxies or other solicitations. It may be that the clients agreed to receive their proxies or other solicitations directly from their custodian or for the custodian to direct the proxies or other solicitations directly to a proxy advisory firm, without copy to the client. Clients may contact SAM with questions regarding proxy voting, including questions about a particular solicitation.

**Class Action, Bankruptcies and other legal proceedings.** SAM neither advises nor acts on behalf of the client in legal proceedings involving companies whose securities are held in the client’s account, including, but not limited to, responses to bankruptcies, the filing of claims or any other response to class action cases or class action settlements. To

the extent that SAM receives any documentation directed to holders of the identified security, SAM forwards such documents to the relevant clients.

#### **Item 18 – Financial Information**

SAM does not have any financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to clients.