



**ADVISORY CONSULTING  
SERVICES**

**SEC Number: 801-43561**

**DISCLOSURE BROCHURE**

**March 31, 2014**

This brochure provides information about the qualifications and business practices of Century Securities Associates, Inc. This Brochure focuses on our Advisory Consulting Services. We also offer wrap fee programs as well as financial planning services, each of which is covered in a separate brochure. If you have any questions about the contents of this Consulting Services 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 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).

Century Securities Associates, Inc.  
501 North Broadway  
St. Louis, Missouri 63102  
(314) 342-2000  
[www.centurysecurities.com](http://www.centurysecurities.com)

MATERIAL CHANGES

March 31, 2014

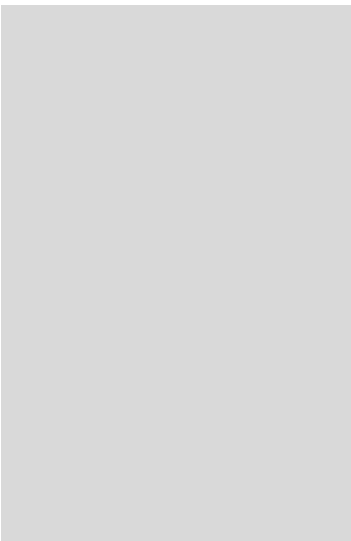
Since Century Securities Associates, Inc.'s last update in March 2014, the firm has experienced the following changes which may be considered material:

- Effective as of November 10, 2014, our parent company, Stifel Financial Corp., acquired 1919 Investment Counsel, LLC, an investment adviser registered with the Securities and Exchange Commission, and 1919 Investment Counsel & Trust Co., NA, a nationally chartered trust company. In addition to being our affiliate, 1919 Investment Counsel also serves as a portfolio manager and third-party adviser with respect to certain client accounts in our Opportunity Program. Similarly, certain of our Advisory Clients may receive trust services, and maintain their custodial accounts with 1919 Investment Counsel & Trust Co. More details about our relationships with these affiliates, as well as our other affiliates that also may provide services to our Advisory Clients, are provided under the Section "*Other Financial Industry Activities and Affiliations*," starting on page 12 of the Brochure.
- We consolidated the disclosures relating to the various types of compensation that we may receive from mutual funds, exchange traded funds, and/or closed-end funds in which certain of our Clients may be invested. This discussion is generally found under the Section "*Fees and Compensation*," starting on page 7 of the Brochure.
- Under the Section "*Methods of Analysis, Investment Strategies, and Risk of Loss*," starting on page 10 of the Brochure, we added a new risk disclosure: a *Dependence on Key Personnel Risk*, which discloses that certain of the programs and/or portfolios within programs offered to our Clients may rely heavily on certain key personnel. We also made a number of edits and enhancements to the existing risk disclosures.
- Under the Section "*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*" starting on page 13 of the Brochure, we enhanced the discussion of the possible conflicts of interest that our firm, Financial Advisors and/or certain of our affiliates may face, from time to time, in connection with providing Advisory services to our Clients. These include, for example, conflicts when our Financial Advisors recommend securities that are part of a syndicated offering by our affiliate and clearing firm, Stifel, or conflicts that may arise when our Financial Advisors are prohibited by firm policy from effecting trades in certain securities due to the fact that a different unit or department in our firm or at Stifel has material non-public information about the issuer of such securities.

In addition to the foregoing, we made various other non-material edits to the Brochure. To the extent not otherwise provided, clients may request a copy of the entire Brochure from their Financial Advisor at any time, at no charge.

\* \* \* \* \*

*In lieu of providing clients with an updated Part 2A Brochure each year, we*



*generally provide our existing advisory clients with this summary describing the material changes occurring since the last update that was sent to all Advisory clients. We will deliver the summary each year to existing clients generally by April 30 of each year. Clients wishing to receive a complete copy of our then-current Brochure may request a copy at no charge by contacting their Financial Advisor.*

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## EXECUTIVE SUMMARY

### About Century Securities Associates, Inc.

Century Securities Associates, Inc. ("Century") is a wholly owned subsidiary and affiliated brokerage and investment advisory ("Advisory") firm of Stifel Financial Corp. Century's business purposes is to serve the investment needs of individual, corporate, institutional, and municipal clients. Century is a member of the Financial Industry Regulatory Authority ("FINRA"), the New York, American, Chicago, Philadelphia, and Chicago Board Options Exchanges, and the Securities Investor Protection Corporation ("SIPC"). Century is a registered investment adviser with the Securities and Exchange Commission ("SEC"); however, this does not imply a certain level of skill or training. Information about Century's qualifications, business practices, portfolio management techniques, and affiliates is accessible via publicly available filings with the SEC at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and in this Brochure, which is provided free of charge before or at the time we enter into an advisory agreement with you and annually thereafter.

### Services We Provide

As set forth above, Century is registered with the SEC as an investment adviser and a broker-dealer offering both Advisory and brokerage services, respectively. For more information about our brokerage business, please refer to the Brokerage Practices section of this Brochure.

*It is important to understand that brokerage services are separate and distinct from Advisory services, and that each is governed by different laws and separate contracts with Clients. 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.*

### Our Relationship with Stifel, Nicolaus & Company, Incorporated

Stifel, Nicolaus & Company, Incorporated ("Stifel") supports the Advisory services described in this Brochure by providing access to Stifel research and Advisory programs, execution of Client transactions, and, in most cases, custody of Client assets. Stifel may, either itself or through an affiliate, act as a general partner to investment partnerships. These investment partnerships may be offered to brokerage Clients, some of whom may also be Advisory Clients. Solicitation activities are typically made via an offering circular or prospectus and may only be made to Clients for whom the partnership interests are deemed suitable.

## ADVISORY BUSINESS

### About our Investment Adviser

Century has been a registered investment adviser with the SEC since March 19, 1993. Our firm is owned by Stifel Financial Corp., a publicly-held company whose common stock trades under the symbol ("SF"). Our Advisory services include discretionary account and/or portfolio management, non-discretionary investment advice, financial planning services, and assistance with the selection of securities and third-party investment advisers. Such advisers may include firms that are independent of our firm ("Independent Advisers") as well as firms that are owned by our parent company, Stifel Financial Corp. ("Affiliated Advisers"). We enter into written agreements with Clients acknowledging our Advisory relationship and disclosing our obligations when acting in an Advisory capacity. We provide Advisory services to

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 ("Clients"). We generally provide Advisory services through our registered investment advisory representatives ("Financial Advisors"), who determine the services that are most appropriate for Clients based on each Client's individual investment goals and financial circumstances. 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 and local government issuers, trading on an exchange or over-the-counter. We may also invest Client assets in rights and warrants, securities, options, certificates of deposit, variable annuities, variable life insurance open and closed-end funds, exchange-traded funds ("ETFs"), unit investment trusts ("UITs"), real estate investment trusts ("REITs"), American Depositary Receipts ("ADRs"), foreign ordinary shares, and publicly traded master limited partnerships and other securities. Subject to review for reasonableness, Clients may impose restrictions on investing in specific securities or certain types of securities. More information regarding any securities and/or services offered is available upon request. Information about our consulting services is contained herein.

### Wrap Fee Programs

As set forth on the cover page, we offer other Advisory services, including financial planning and wrap fee programs, which are not covered in this brochure. We offer various wrap fee programs in which our affiliate, Stifel, acts as sponsor and/or portfolio manager, and receive wrap fees for our services. Clients enrolled in such wrap fee programs generally pay one all-inclusive fee that is not based on transactions in the account. The wrap fee program brochure contains more detailed discussion of these wrap programs as well as the related fees, and is available upon request. We generally manage accounts enrolled in wrap fee programs with the same level of care as we manage non-wrap fee program accounts.

### Assets Under Management

As of December 31, 2014, we managed Client assets worth \$102,050,552.14 on a discretionary basis, and \$288,903,888.56 on a non-discretionary basis. We also advised clients with respect to an additional \$341,684.63 managed by unaffiliated investment advisers.

### Our Responsibilities as an Investment Adviser

As an investment adviser, we are held to the legal standards of the Investment Advisers Act of 1940 and state laws where applicable. Such standards include, but are not limited to, fair and equal treatment of Clients; full disclosure of material and potential conflicts of interest; full disclosure of any and all compensation received from Clients or third parties as a result of our fiduciary relationships with Clients; obtaining Client consent prior to engaging in transactions for our own account when dealing with Clients in an Advisory capacity; having a reasonable basis for believing that our investment recommendations are suitable and consistent with Client's objectives and goals,

including any restrictions placed on the account; and having a reasonable belief that we are acting in the best interest of Clients. Additional information about our fiduciary obligations, including the policies and procedures that we undertake to fulfill those obligations, is available throughout this Brochure, including under Participation or Interest in Client Transactions section of this Brochure.

## SERVICES, FEES AND COMPENSATION

Through our affiliation with Stifel, our Clients have access to a number of different (“managed”) programs (each a “Program” and collectively, the “Programs”) as set forth below:

### STIFEL VANTAGE PROGRAM

#### About the Stifel Vantage Program

Under the Stifel Vantage Program (“Vantage”), our Financial Advisors provide discretionary account management services to Clients and are compensated for their services on the basis of transactions effected in the account (that is, clients pay commissions for trades implemented in the account). In order to qualify for the Vantage Program, prospective Financial Advisors must meet certain criteria established by our firm, including, but not limited to, prior approval from their Branch Manager and Compliance Department. Clients wishing to enroll in the Vantage Program must grant their Vantage Financial Advisor(s) full discretionary authority to execute transactions in the account. Vantage Financial Advisors then make discretionary buy and sell decisions for a Client based upon the Client’s investment objectives, risk tolerance, time horizon, and investment experience. Securities purchased for Clients in the Vantage Program may include (but are not limited to) common and preferred stocks, corporate bonds, municipal bonds, treasury and agency issues, options (subject to a separate options agreement signed by Client and approved by Stifel), mutual funds, ETFs, and UITs. As with our other discretionary programs, Clients may impose reasonable restrictions on investing in specific securities or certain types of securities. The minimum initial investment is \$50,000, which may be waived at our discretion.

#### Vantage Commission Schedule

As set forth above, Clients in the Vantage program pay transaction-based charges (commissions) for the services provided by their Financial Advisor. Commissions are charged based on our standard commission schedule (subject to negotiation) for brokerage transactions. Our standard commission schedule is provided to Clients upon account opening and is applicable to all transactions executed in the Vantage account. Clients may terminate an Advisory relationship upon written notice to Stifel or by submitting Automated Customer Account Transfer (ACAT) paperwork. Upon receipt of written termination notice, Stifel will, at the Client’s direction, either liquidate the account or transfer the assets to another account held at Stifel or to an account held at a custodian of the Client’s choice.

In addition to the commissions, Vantage clients are also responsible for any “pass through fees” charged by third-parties with respect to any securities in a Client’s portfolio. Pass-through-fees are typically charged in connection with American Depositary Receipts (ADRs) by the sponsors of such ADRs as custody-related expenses. Stifel will forward all pass-through-fees received from Clients with respect to ADRs to the Depository Trust Company (or such other applicable central securities depository). Vantage Clients that invest in foreign ordinary shares also will be responsible for any commissions, clearing charges, custodial fees or other applicable charges by any financial institution (other than Century or Stifel) that participates in effecting the transaction(s).

### STIFEL SUMMIT PROGRAM

The Stifel Summit Program (“Summit”) offers typically non-discretionary investment advice to Clients, including sponsors and/or trustees of qualified retirement plan subject to the Employee Retirement Income Security Act (ERISA) with respect to assets held at other financial institutions. Non-discretionary investment services offered may include, for example, assisting plan Clients with the selection of independent investment managers to manage the assets of the plan and/or offering advice as to the appropriateness of individual investments, including stocks, bonds, mutual funds, UITs, ETFs, closed-end funds, options, alternative investments and/or insurance products. Our Financial Advisors provide investment advice to the Plan Client in accordance with the Client’s objectives as communicated to the Financial Advisor, typically through Client’s investment policy statement or other applicable plan documents. In each case, Clients are solely responsible for implementing any non-discretionary advice provided by the Financial Advisor(s). The minimum initial investment is \$1,000,000, which can be waived at our discretion.

From time to time, Financial Advisors may provide discretionary investment management services with respect to Client assets held at other financial institutions through the Summit Program. In such event, the Client (not our firm or the Financial Advisor) determines the specific qualified independent custodian to be used. Client’s independent qualified custodian also will provide all brokerage execution services relating to transactions in the Client’s held-away account. The Client (not our firm) is solely responsible for all brokerage and custodial charges imposed by Client’s independent qualified custodian. *Clients who elect to hold their discretionary-managed assets at other institutions should be aware that we also offer other programs through which Clients pay one all-inclusive fee for discretionary management, brokerage, and custodial services. These programs may be a cheaper alternative to Clients than using the Summit Program; we highly encourage Clients to review all available options with their Financial Advisor(s).*

#### Summit Fee Schedule

The minimum annual fee for the Summit Program is \$5,000 (which minimum may be waived at our sole discretion). The annual fee charged is a percentage of the total value of investments on which advice is provided. The maximum allowable fee schedule for the Summit Program is as follows:

Account Value	Annual Fee
First – \$ 5,000,000	1.35%
\$5,000,000 – \$10,000,000	1.10%
\$10,000,000 – \$25,000,000	0.85%
\$25,000,000 – \$50,000,000	0.75%
\$50,000,000 – \$100,000,000	0.65%
\$50,000,000 +	Negotiable

In certain circumstances, the Financial Advisor may negotiate a one-time flat dollar fee arrangement with the Client.

The initial annual fee is calculated based on the *account’s most recent account statement*, quarterly or otherwise. The fee is billed *quarterly in advance*, meaning that one-fourth of the annual fee is charged each calendar quarter on the first day of each quarter. The initial quarter is prorated based on the number of calendar days from the date of the agreement to the end of the quarter. Thereafter, the fee is calculated based on the value of investments in the Client’s custodial account, in each case based on the most recent accounts/custodial statement provided by Client to our

firm (including the Financial Advisor). We generally require Clients to provide us with duplicate copies of account/custodial statements for held-away accounts. *Clients in the Summit Program should understand that we reserve the right to terminate the agreement if Client consistently fails to promptly provide us with updated account statements on which to base our fees.*

At Client's option, Client may direct us to deduct the fees from Client's other non-ERISA account held at our firm (if any), or Client may elect to pay by check upon receipt of each invoice.

Alternatively, Client may direct Client's independent qualified custodian or administrator to calculate the fee, and to pay such fee directly to us on a quarterly basis. Clients that elect to have their custodian calculate the fee should understand that we will present to the custodian the terms of the fees (i.e., the applicable annual percentage fee), and that the custodian will be responsible for determining the total value of the Client's account and, thereafter, the dollar value of the fee due to our firm. In such cases, we require Clients to agree to direct the custodian to provide us (upon request) with the basis upon which each quarterly installment of the fee is determined (which may be in the form of duplicate account statements). Additionally, such Clients should carefully review the independent custodian's or administrator's calculations and confirm our Advisory fees deducted from the account by such custodian or administrator are consistent with Client's fee agreement with our firm. Clients are strongly encouraged to promptly notify us in the event of any discrepancies.

In each case, we require that Client establish a Stifel billing account for the sole purpose of processing fees. These fees are separate and independent from any other charges that may be imposed by the independent custodian and/or executing brokers used in connection with Client's accounts.

Clients may terminate the Summit account with notice to us and/or our Financial Advisor. When an account is terminated, we generally refund Clients the pro-rata amount from the time that the Summit account was terminated to the last day of the quarter. However, we reserve the right to retain the pre-paid fee in the event that the agreement is terminated in the first quarter of the first year of service.

## STIFEL GUIDEPOST PROGRAM

### About Stifel Guidepost Program

Under the Stifel Guidepost Program, Clients have access to non-discretionary investment advisory services offered to participants of employer-sponsored, participant-directed retirement plans (e.g., 401(k) plans). In this regard, our Financial Advisors typically review the available investment options of the applicable employer-sponsored plan(s) and recommend written allocation strategies to the participant Client. After recommending an initial allocation strategy, Financial Advisors may continue to provide advice on a regular basis if current information has been made available. Clients are solely responsible for implementing any advice provided by their Financial Advisor(s), and providing our firm with current information relating to their account and situation (including, quarterly or more frequent custodial statements showing the then-current value of their accounts).

### Guidepost Fee Schedule

The minimum annual fee for the Guidepost Program is \$200, which may be waived in our sole discretion. The annual fee typically is charged as a percentage of the total value of investments on which advice is provided, not to exceed 2.5%.

The initial annual fee is calculated based on the *account's most recent account statement*, quarterly or otherwise. The fee is billed *quarterly in advance*, meaning that one-fourth of the annual fee is charged each calendar quarter on the first day of each quarter. The initial quarter is

prorated based on the number of calendar days from the date of the agreement to the end of the quarter. Thereafter, the fee is calculated based on the value of investments in the Client's custodial account, in each case based on the most recent accounts/custodial statement provided by Client to our firm (including the Financial Advisor). We generally require Clients to provide us with duplicate copies of account/custodial statements for held-away accounts. *Clients in the Guidepost Program should understand that we reserve the right to terminate the agreement if Client consistently fails to promptly provide us with updated account statements on which to base our fees.*

At Client's option, Client may direct us to deduct the fees from Client's other non-ERISA account held at our firm (if any), or Client may elect to pay by check upon receipt of each invoice. Alternatively, Client may direct Client's independent qualified custodian or administrator to calculate the fee, and to pay such fee directly to us on a quarterly basis. Clients that elect to have their custodian calculate the fee should understand that we will present to the custodian the terms of the fees (i.e., the applicable annual percentage fee), and that the custodian will be responsible for determining the total value of the Client's account and, thereafter, the dollar value of the fee due to our firm. In such cases, we require Clients to agree to direct the custodian to provide us (upon request) with the basis upon which each quarterly installment of the fee is determined (which may be in the form of duplicate account statements). Additionally, such Clients should carefully review the independent custodian's or administrator's calculations and confirm our advisory fees deducted from the account by such custodian or administrator are consistent with Client's fee agreement with our firm. Clients are strongly encouraged to promptly notify us in the event of any discrepancies.

In each case, we require that Client establish a Stifel billing account for the sole purpose of processing fees. These fees are separate and independent from any other charges that may be imposed by the independent custodian and/or executing brokers used in connection with Client's accounts.

In each case, we require that Client establish a billing account at our firm for the sole purpose of processing fees. These fees are separate and independent from any other charges that may be imposed by the independent custodian and/or executing brokers used in connection with Client's accounts.

Clients may terminate the Guidepost arrangement with notice to us (including the Financial Advisor). Because fees are billed in arrears, no refunds are necessary when a Client terminates an account; *however, a Client will be billed for any earned but unpaid fees as of the termination date.*

## OTHER INVESTMENT ADVISORY SERVICES

We also provide financial planning services, which are covered by a separate Disclosure Brochure, a copy of which is available upon request.

## FEES AND COMPENSATION

### How We Charge For Advisory Services Covered in This Brochure

Please refer to each Program description for corresponding fee/compensation schedules, including the frequency with which such fees/compensation is charged. Fee/compensation schedules

may be subject to negotiation depending on a range of factors, including, but not limited to, account size and overall ranges of services provided.

#### ***Fee-Based Programs***

For the fee-based Programs covered in this Brochure (Summit, Guidepost, Morningstar Program), Client assets in each such Program are held with an independent custodian selected by the Client. Client's independent Custodian determines the value of Client's assets held in the applicable account, and our firm uses the custodial values to determine the dollar value of the fees owed in accordance the negotiated fee rate(s).

Clients generally can select from any of the following payment options, depending on the type of Program selected:

#### ***Letter of Authorization***

The Advisory fee deducted from a separate custodial account at Stifel 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***

Each Client receives an invoice on the billing date each quarter and agrees to remit the fee payment promptly. If the fee payment is not received, 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.

*Other* – Clients should review each applicable Program description for other available options (if any) in how the fee may be paid.

#### ***Fee Exclusions***

Our Advisory fees do not include any of the following fees or charges:

- All account fees, costs, and expenses, including (but not limited to) brokerage, execution, custody, and/or account maintenance fees charged by Client's independent Custodian or by any independent broker-dealer through whom Client executes account transactions.
- To the extent applicable, any and all fees and expenses relating to any third-party manager managing any part of Client's account (whether or not such third-party manager was recommended by our Financial Advisor(s)).
- All fees and expenses relating to investment products purchased for Client's account (including, but not limited to, the annual operating expenses of any mutual funds, exchange traded funds (ETFs), closed-end funds, or private funds purchased for the account).
- To the extent applicable, any and all fees and expenses relating to Clients maintaining an external qualified retirement plan account, including any third-party administration fees.
- Any other fees and expenses not directly incurred by us or our Financial Advisors or Stifel, and any fees and expenses not within our firm's control.

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

#### ***Refund of Fees Upon Termination***

To the extent that a Client is billed in advance for services provided in connection with a Program offered in this Brochure, in the event of a termination, Clients 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. Notwithstanding the foregoing, we reserve the

right to retain pre-paid quarterly fees if the agreement is terminated at any time within the first quarter of the first year of service.

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

Clients in the programs included in this Brochure typically pay brokerage commissions either to (i) our firm (in the case of the Vantage Program) in lieu of an annual fee if transactions are executed through Stifel, or (ii) the unaffiliated custodian holding the Client's assets or other executing broker-dealer effecting transactions for the Client account. Where applicable, Clients should refer to the "Brokerage Practices" section for more details about Stifel's execution services.

#### ***Compensation to Financial Advisors***

We remit a percentage ("Payout Rate") of the fees and, if applicable, commissions that we receive from Clients, after paying out applicable third-party Adviser fees, to our Financial Advisors. Payout Rates generally range from 59% to 100%, with an average of around 72%, and are determined by many factors, including the total revenue generated by each Financial Advisor. Under certain circumstances, including mergers and acquisitions, some Financial Advisors may be compensated differently. We reserve the right, in our sole discretion, and without prior notice, to change the method by which our Financial Advisors are compensated. As licensed securities salespersons ("Registered Representatives"), Financial Advisors may effect securities transactions for commissions, generally in connection with brokerage accounts. Most Financial Advisors are licensed to provide both brokerage and Advisory services. Financial Advisors may also be licensed as insurance agents and, as such, can effect insurance transactions for separate and customary commission compensation. *Advisory accounts typically pay ongoing fees rather than transaction-specific commissions. Financial Advisors may, therefore, have an incentive to recommend Advisory accounts over brokerage accounts.* In addition, the Payout Rate may differ depending on the Program in which a Client is enrolled and as a result of the different fee structures available, Financial Advisors may also have incentive to recommend certain Programs over others. As set forth above, we share a portion of the fee that we retain after paying applicable third-party Adviser or Research Source fees to the Financial Advisor(s) for the account. *As a result, our Financial Advisors may have an incentive to recommend Advisory Programs where the fee is not shared with a third-party Adviser or a Research Source in order to receive a higher portion of the fee.* Our firm, Financial Advisors and/or affiliates may, from time to time, receive incentive awards from issuers of various investment products for recommending or introducing investment products to Clients. The receipt of this compensation may create an incentive to recommend investment products based on the compensation received rather than their Clients' needs. Clients have the option to purchase investment products that we recommend through brokers who are not affiliated with us.

#### ***Fees and Compensation From Registered Funds***

Clients should consider all risks and charges prior to investing in any mutual fund, ETF, closed-end fund or unit investment trust (UIT) (collectively, "Registered Funds"). Clients who own Registered Funds typically incur certain internal expenses charged directly by the Registered Fund company. These expenses are separate and in addition to fees charged for our Advisory services. Internal expenses are described in each Registered Fund prospectus. The types of fees and compensation that we may receive from Registered Fund companies include (but may not be limited to):



- *Networking Fees* - in consideration for ancillary services provided in connection with fund positions held through us. Networking fees are generally calculated by applying the standard networking range of up to \$10 per fund account annually.
- *12b-1 Distribution Fees* ("12b-1s") – that may be paid from fund companies to Financial Advisors via our firm as a conduit. 12b-1s may be in excess of the amount that would qualify as "no-load." We receive 12b-1 compensation from non-affiliated as well as affiliated Registered Fund companies. Such 12b-1 fees are intended to compensate us for effecting purchases of the Registered Fund shares or for other services ancillary thereto. The current rate of 12b-1 fees that we receive from Registered Fund companies generally ranges from 0% to 0.25% annually.
- *Revenue Sharing Compensation* – revenue sharing with a particular fund company is generally based on either the amount of sales or the value of assets held by our firm's Clients with the particular fund company. Because Revenue Sharing is intended to compensate our firm for ancillary services in connection with effecting sales of fund shares, we require that such payments be made directly from Registered Fund's distributors; not from Registered Funds themselves. Revenue Sharing gives our firm a financial incentive to recommend particular funds to Clients. *We and/or Stifel generally receive Revenue Sharing in connection with funds in Century accounts, excluding accounts that are held at other financial institutions. Revenue Sharing generally is not rebated to Clients (except with respect to accounts subject to ERISA) and is not paid to Financial Advisors. While not all fund companies participate in Revenue Sharing with Stifel, the compensation that we and/or Stifel receives may be based on either the total sales up to 0.15% of purchases, a portion of the fund assets held by Clients up to 0.25% on an annual basis, or a fixed dollar amount.* Although Stifel seeks to apply a standard payment schedule, it is recognized that not all fund companies approach Revenue Sharing the same way, and some mutual fund companies may decline to pay Revenue Sharing exactly at the levels listed above, or at all, which may present a financial disincentive for us to promote the sale of those funds. This Revenue Sharing information is current as of the date of this Brochure and is subject to change at Stifel's discretion. Updated and current Revenue Sharing arrangements are available at [www.stifel.com/disclosures/ERISA](http://www.stifel.com/disclosures/ERISA).
- *Training and Education Expense Contributions* – Registered Fund companies may subsidize a portion of the cost of training and achievement seminars offered to our Financial Advisors through specialized firm-wide programs and consulting training forums. These seminars are designed to provide education and training to Financial Advisors who regularly solicit Clients to participate in a particular fund platform. The subsidies may vary among Registered Fund companies, and no Registered Fund company is required to participate in the seminars or to contribute to the costs of the seminars in order to have their funds distributed through our platform. Financial Advisors do not receive a portion of these payments.
- *Fund Management Fees Received By Our Affiliates* – As set forth above, some of our affiliates also may serve as investment adviser and/or model providers to various funds, and will receive management fees (or a share thereof) from the fund or the funds' adviser. With limited exceptions, this will apply even in cases where the applicable fund is purchased in Advisory accounts held at Stifel (as thereby, subject to our advisory fees). *Our firm does not share directly share in any such management or other fees received by such affiliates for their management services to the funds.* However, as part of the affiliated group, we may receive indirect benefits from such compensation through our parent company.

Registered Funds generally are sold by prospectus only. The prospectus contains important information about the specific Registered Fund being offered and should be reviewed carefully before investing. Although paid directly by a Registered Fund company, the compensation that we receive from funds set forth above generally is derived from fees that the Client pays to the Registered Fund. The amount of compensation received will vary depending on our arrangement with the applicable Registered Fund company. Each Registered Fund's prospectus generally describes the amount of compensation to be paid for specified services provided to its shareholders. In general, the Fund companies will continue to pay us for the duration of the Advisory agreements and, in some circumstances, may extend payments beyond the termination of the agreements if Clients continue to hold Registered Fund shares through brokerage accounts held at Stifel. A listing of the types and ranges of compensation that we receive from various Registered Fund companies is available at [www.stifel.com/disclosures/ERISA](http://www.stifel.com/disclosures/ERISA). We highly encourage all Clients to review this information carefully.

#### ***Interest and Similar Fees***

As set forth in more detail under the Section "*Cash Sweep Program*" below, as custodian, Stifel retains a portion of the fees that it receives from participating banks in our IBP Program. In addition, to the extent that a Client uses margin in connection with an Advisory account, Stifel charges interest with respect to the amount borrowed by such Client through the margin arrangement. *We do not reduce our fees by the value of any interest or similar payments that Stifel receives from Clients in this regard.* The portion that Stifel retains with respect to the IBP Program is intended to reimburse for the costs incurred in connection with such IBP Program. However, from time to time, Stifel may retain more or less than the actual costs incurred. With respect to margin transactions, each Client that engages in such transactions should note that Stifel charges interest on the amount borrowed and, if the proceeds are used to purchase securities in the Advisory account, our Advisory fees for the account are based on the market value of the account without regard to the amount borrowed. 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.

#### ***Revenue Sharing with Private Fund or Their Sponsors***

From time to time, we may enter into revenue sharing arrangements with private funds in which our Clients invest, or the managers or sponsors of such private funds. In limited circumstances, our firm and/or our Financial Advisors may also receive placement fees or commissions from a private fund or its sponsor as compensation for recommending and/or selling the private fund to Clients. To the extent that we have a revenue sharing arrangement with any private fund in which Client assets are invested, the Client will typically receive, at or prior to the time the investment is made, disclosures relating to the fees and compensation that our firm and/or the Financial Advisor will receive in respect of the investment (including, to the extent applicable, any on-going payments). Clients should carefully consider such arrangements in determining whether to implement a Financial Advisor's recommendations relating to private funds.

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

In addition to being a dual registrant, our firm is also licensed as an insurance agency with various states. As such, our Financial Advisors are able to offer various insurance products to Clients as part of our comprehensive investment services to Clients. We receive a portion of any commissions that the issuing insurance

company pays with respect to insurance products sold by our Financial Advisors.

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

Financial Advisors may receive non-cash compensation from mutual fund companies, third-party Advisers, insurance vendors, and/or sponsors of products that we distribute in the form of occasional gifts, meals, tickets, and/or other forms of entertainment.

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

Century does not charge performance-based fees.

#### **TYPES OF CLIENTS**

The Advisory services offered in this Brochure are available to 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.

Please refer to the specific Program descriptions for requirements, such as minimum account size, for opening or maintaining an account.

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

In general, our Advisory services combine strategic asset allocation and periodic rebalancing to grow and/or preserve principal. Our personnel generally design Clients' portfolios with a long-term perspective, and periodically rebalance the portfolios to manage risk.

In determining the appropriate allocations and/or investments for our Client accounts, our Financial Advisors 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, our personnel also use research provided by our Research Department and/or from third-party independent 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 which 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. Our personnel use any and/or a combination of fundamental, technical, quantitative, and statistical tools and valuation methodologies. As a result of these different methodologies, technical or quantitative research recommendations may differ from, or be inconsistent with, fundamental opinions for the same security. We also use computer technology in our investment analysis and to create asset allocation recommendations.

Clients should also refer to each Program description above for a detailed discussion of the investment strategies and methods of analysis used in connection with such Program.

#### **Risk of Loss**

Our personnel make a number of assumptions during the Advisory process, including when determining an appropriate asset allocation for each Client and/or recommending investments or outside managers.

These assumptions may be wrong, and as a result, a Client's projected returns may be less than we anticipated.

Our personnel recommend a wide array of investments. The types of risks that each Client will be exposed to will vary depending on the particular Program or strategy in which the Client is enrolled, and the investments held in the Client's Advisory account. Each investment that we recommend will be subject to general market risk, which is the risk that the security's value will decline because of downturns in the general securities markets. ***Depending on market conditions, the value of an investment at the end of an investment period may be less than its initial value, and a Client could lose money.*** The following additional risks may also be applicable to our recommendations:

***Investment Company Securities Risks:*** Our Financial Advisors may recommend an investment in mutual funds (including a large allocation thereto, particularly in the case of qualified plan Clients). In addition, we may also recommend other investment companies, including ETFs, UITs and/or closed-end funds. Each fund in a Client's account may be subject to a variety of risks, depending on its investment strategies and/or the securities held by the fund. 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).

An ETFs shares may trade at a market price that is above or below its net asset value. Various funds, such as leveraged ETFs, also use investment techniques and financial instruments that may be considered aggressive, including the use of derivative transactions and short-selling techniques. The use of inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. An investor could incur significant losses even if the long-term performance of the underlying index showed a gain. Most inverse ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time.

The performance of funds (and, therefore, the realized return) will also depend on other factors, including the success of each fund manager's style and investment strategy. Each Client that invests in a fund will also bear a proportionate share of any fees and expenses charged by the fund – higher than expected expenses will reduce a client's realized returns. Each Client should review the prospectus and consider the ETF's investment objectives, risks, charges, and expenses carefully before investing.

***Fixed Income Securities Risks:*** 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. In addition, 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 taxable 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 re-investment risk – that they will need to re-invest 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. In general, each Client is urged to carefully consider the risks associated with the specific type of debt securities in which a Strategy or a Financial Advisor intends to invest prior to selecting such portfolio and/or accepting a recommendation.

**Third-Party Adviser Management Style Risks:** Our Financial Advisors may recommend other investment advisers to manage Client assets held at other institutions. In general, we select Advisers to recommend based on, among other things, their management style and prior performance. However, an Adviser's prior performance is not a guarantee of its future results; as such, its investment strategies may fail to produce the intended results. Clients should carefully review each third-party adviser's Form ADV Part 2A prior to investing with such third-party adviser to ensure that they understand the adviser's management style, as well as the related risks of investing in such adviser's strategies.

**Derivatives Risks:** Depending on the Clients' risk tolerance, investment objectives and other applicable factors, our Financial Advisors may recommend derivative transactions, including, but not limited to, options and futures. 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. Derivative instruments also may be used to obtain market exposure (that is, for speculative purposes rather than hedging). A position in the derivatives market may be used 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. From time to time, our Financial Advisor also may recommend 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:** Alternative investments, including (but not limited to) investment partnerships, alternative mutual funds, non-traditional ETFs, managed futures, 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, including counterparty risk (i.e., the risk that the institution on the other side of their trade will default), as well as the risk that the instrument may not work as intended due to unanticipated developments in market conditions. 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 relating to real estate, including risks that may be specific to the geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others. *As with any potential investment, the Client should consult with a tax advisor as to the relevant tax consequences.*

Additional risks may include adverse market condition risks, investment strategy risk, aggressive investment techniques risk, concentration risk, correlation risk, credit risk and lower-quality debt securities risk, energy risk, equity securities risk, financial services companies' risk, interest rate risk, non-diversification risk, small- and mid-cap company risk, tracking error risk, and special risks of mutual funds and/or ETFs, among others. Each Client should carefully review the product's offering document to understand the applicable risks.

**Tax-Exempt Securities Risks:** Our Financial Advisors may recommend 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 by the portfolio could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service (IRS) or state tax or other authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws also may 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. Clients should carefully review the terms of the bonds (or in the case of the recommendation of a third-party bond manager to manage Client's account, such bond manager's strategy) to understand the related risks.

**Foreign Securities Risks:** From time to time, we may recommend 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 risks. 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 which, if incurred are in addition to (i.e., are not included in) Stifel's fees due from the Client. All these factors could affect a Client's realized return on the investment.

**Dependence on Key Personnel:** In certain situations, we may rely heavily on certain key personnel of our firm, our affiliates, and/or the personnel of certain Advisers available on our platform. The departure of any such key personnel or their inability to fulfill their duties may adversely affect the ability of affected Client accounts, including our firm's ability to effectively implement the investment program communicated to the Client in respect of such accounts and, as a result, adversely impact the performance of the accounts.

## 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 6 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 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. In addition, some of our management persons may be licensed to practice law in various states. These individuals do not provide legal services to Advisory Clients.

Our parent company, Stifel Financial Corp., is a publicly traded company. In accordance with applicable exchange rules, our Financial Advisors are prohibited from soliciting or recommending Clients, and/or using their discretionary authority, to purchase our parent company stock (SF) for the benefit of Client accounts. If a Client determines, notwithstanding the foregoing, to require the purchase of SF in an account, we may agree to purchase such securities and may, at our sole discretion, require the Client to acknowledge the unsolicited nature of the transaction and/or exclude the underlying value of the stock from the billable value of the account.

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 our affiliate, Stifel. In addition to serving as Investment Manager with respect to certain programs in this Brochure, 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 investment advisers and broker-dealers that are applicable to Clients enrolled in the Programs covered in this Brochure. As set forth

above, our affiliate, Choice Financial Partners, Inc., provides the EquityCompass Strategies used in certain Score and Spectrum Portfolios. Stifel also uses its internal unit, Washington Crossing Advisors to manage various Score and Spectrum Portfolios as described in more detail in the specific Program/Portfolio descriptions. Clients should note that our Financial Advisors may have an incentive to recommend Portfolios using Research Sources provided by an Affiliated Adviser rather than unaffiliated entities since, to the extent any Adviser or Research Source fees go to an affiliate, such funds remain within the Stifel Financial Corp. umbrella. To mitigate this risk, we do not pay our Financial Advisors on the basis of recommendations of Affiliated Advisers, Research Sources, or other affiliated products. However, our Financial Advisors may develop close personal relationships with employees and associated persons of our affiliated Advisers as a result of being affiliated and, as a result, may have an incentive to recommend such affiliated Advisers over unaffiliated ones.

Stifel pays Advisers and Research Sources from the Advisory fees received from Clients, even where such entities are affiliated. In addition, our affiliates, Ziegler Capital Management, LLC, Thomas Weisel Capital Management LLC, 1919 Investment Counsel, and Montibus Capital Management LLC, may serve as Investment Manager and/or Model Adviser to a number of Client accounts. As with all other sub-Advisers, Stifel pays our affiliates out of the Advisory fee received from Clients, in the same range as unaffiliated Advisers. Our Advisory fees for Client accounts with respect to which an affiliate is also a service provider are comparable to Client accounts with unaffiliated service providers. Nevertheless, we may be deemed to have an incentive to recommend an affiliated Adviser and/or internal or affiliated Research Sources.

**Affiliated Trust Companies** – Our affiliates, Stifel Trust Company, N.A. and 1919 Investment Counsel & Trust Co., each provide personal trust services (including serving as trustee or co-trustee, investment manager, or custodian) for individuals and organizations. From time to time, as trustee or managing agent, these trust affiliates may open an Advisory account with Century. In such cases, the fees charged by our affiliate are structured in a manner that is consistent with applicable fiduciary principles.

**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 Mutual Funds** – From time to time, Client assets may be invested in shares of mutual funds managed by our Affiliated Advisers. As of the date of this brochure, affiliated mutual funds directly managed by our Affiliated Advisers include the Montibus Small Cap Growth Fund, the EquityCompass Quality Dividend Fund, Ziegler Strategic Income Fund, 1919 Financial Services Fund, 1919 Maryland Tax-Free Income Fund, 1919 Socially Responsive Balanced Fund and 1919 Variable Socially Responsive Balanced Fund. Additional products may be introduced in the future. In each case, these affiliates receive management fees for their services to the funds. Our affiliates also may serve as sub-adviser and/or provide the investment model used by the fund's named investment adviser to manage the various other mutual funds. For these services, the affiliates generally will receive a fee from the fund's investment adviser (typically a share of the applicable fund's management fee). Our Financial Advisors may also recommend any of these funds to non-discretionary clients, or may purchase shares of these funds

in discretionary Client accounts; provided, however, that the fund shares may not be purchased on behalf of any account that is subject to, or covered by, ERISA provisions. As set forth above, all affiliated funds charge their own fees and expenses, including management fees that are paid (in whole or in part) to our affiliates. **Clients should note that with limited exceptions, we do not reduce our advisory fees by the value of any internal fund expenses that may be paid to/received by the affiliate.**

**Other Affiliated Products** – From time to time, we and/or Stifel, in our capacity as registered broker-dealers, may offer various products that are connected to our other affiliates, such as where an affiliate receives fees relating to such products. As of the date of this Brochure, these may include, but are not limited to, the common stock as well as any debt securities issued by our parent company (including securities trading under the symbols SF and SFN), various iterations of medium term notes issued by Barclays Capital, a division of Barclays Bank PLC, which are linked to the EquityCompass Share Buyback Index; as well as various ETFs issued by Invesco PowerShares and/or ProFunds Group, each of which is linked to a KBW financial sector index, as well as securities issued by CM Finance (trading under the symbol CMFN). Additional products may be introduced in the future. Certain of these products may not be purchased or held in an advisory account that is subject to or covered by ERISA provisions. To the extent that these products are purchased/held in any other advisory account, our affiliate (such as EquityCompass, KBW or other affiliates (as the case may be) may receive a portion of the fees or other remuneration received by the issuer of the product, in each case as per the affiliate's agreement with the issuer. *Clients should note that, with limited exceptions, we do not reduce our advisory fees by the value of any compensation that may be paid by the product's issuer to the affiliate.*

**Stifel Bank & Trust ("SB&T")** - SB&T typically is the first bank into which idle cash swept from eligible Client accounts is deposited as part of Stifel's IBP Program discussed in more detail below. In addition, from time to time, Advisory Clients may also have a direct relationship with SB&T through deposit and other bank accounts held with our banking affiliate. Clients with personal deposit accounts with the affiliate other than through the IBP Program will be responsible for any customary banking fees that are charged with respect to bank deposit accounts.

**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, we may also sell insurance products through our affiliate, Stifel Nicolaus Insurance Agency, Incorporated. In such cases, the affiliate, and not our firm, will receive customary commission 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.

**Executive Tax Advisors, Inc.** – From time to time, this affiliate may provide tax services in conjunction with financial and wealth planning services or other Advisory services provided to certain Clients.

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. For example, we periodically review our lines of service to identify applicable risks and make disclosures to Clients (as and when deemed appropriate) about those risks.

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

### Code of Ethics

In addition to our general Financial Code of Ethics, which is applicable to all Stifel Financial Corp. personnel, our Advisory personnel are also subject to our Investment Advisory Code of Ethics, a copy of which is available upon request. Set forth in the Advisory 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 access to 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 reviews the Advisory Code of Ethics annually to ensure adequacy and effectiveness in complying with applicable regulations.

### Participation or Interest in Client Transactions

Advisory transactions are typically executed on an agency basis. However, we (or an affiliate) may trade with Clients and seek to earn a profit for our own account (such trades generally are referred to as "principal transactions"). Principal transactions are executed at prices and commission rates which we believe are competitive and in accordance with industry practice. Although we may be able to provide a more favorable price to a Client if we purchase from or sell to our inventory of securities, we generally are not able to engage in such transactions with Advisory Clients due to regulatory requirements which require written disclosure and prior written consent on a trade-by-trade basis. We typically do not execute agency cross transactions in Advisory Client accounts; however, to the extent that any such transaction is effected in a Client account, we will make all necessary disclosures to the affected Clients and obtain prior written consent. We generally do not affect agency cross transactions between Clients if we have recommended the security to both Clients.

Certain of our Financial Advisors may recommend securities of issuers that our firm has otherwise sponsored or promoted (including initial public offerings and other syndicated offerings). Generally Client transactions in such offerings are required to be made on a non-discretionary basis, meaning that a client specifically must consent to the transaction, and may be required to complete certain other documents prior to effecting the transaction. As associated persons of a registered broker-dealer, our Financial Advisors generally are 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 Advisory client accounts of the securities causes the price of those securities to rise. Neither Stifel nor, generally, its affiliates share information relating to investments made for client accounts. To the extent that associated persons obtain information relating to investments by our firm, Stifel and/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 Financial Advisor or client.

Our officers and/or employees (including our Financial Advisors) 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 the affiliates) for their 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 decisions about the same portfolio securities for Client accounts.

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.

### Personal Trading

Our employees and affiliates may invest in any Advisory Programs that we offer to our Clients. Our written supervisory procedures are designed to detect and prevent the misuse of material, non-public information by employees. Century and its affiliates, directors, officers, stockholders, employees, and members of their families may have positions in and, from time to time, buy or sell securities that our Financial Advisors trade in or recommend to Advisory Clients. Our policies prohibit transactions on our own account 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 directors, officers, and employees may not buy or sell 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 and the accounts of persons who may have access to Advisory recommendations.

Finally, under NYSE Rules and as discussed in more detail under the Section "Other Financial Industry Activities and Affiliations", our Financial Advisors are prohibited from recommending our parent company stock (SF) to Clients; in limited circumstances, Clients may be allowed to purchase SF in their Advisory accounts on an unsolicited basis. As set forth elsewhere in this Brochure, Stifel generally excludes the value of any SF shares held in Advisory Client accounts from the billable value of the account.

## BROKERAGE PRACTICES

### About our Broker-Dealer Services

Our principal business in terms of revenue and personnel is that of a securities broker-dealer. As a broker-dealer, we provide brokerage services by executing securities transactions per Client instructions. Advice provided to Clients is an integral part of services offered by Financial Advisors when providing brokerage services; therefore, Financial Advisors who are acting in a brokerage capacity may help Clients identify investment goals, create strategies that are reasonably designed to meet those goals, and make suitable buy, hold, and sell recommendations based on risk tolerance and financial circumstances. However, in their brokerage capacity, Financial Advisors do not exercise investment discretion over Clients' accounts. ***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-Dealer.** As a broker-dealer, 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. Clients with accounts in the Vantage Program set forth in this Brochure also pay commission charges on a per transaction basis for the Advisory services provided by the Financial Advisor; however, unlike regular brokerage accounts, Financial Advisors exercise discretion over Vantage accounts. Clients in all other Programs do not pay any commission to Stifel because Stifel does not provide any brokerage, execution, or custodial services to such Clients.

### Execution of Transactions

Transactions for Vantage accounts are executed through Century; our Vantage Financial Advisors also are registered agents of Stifel in its capacity as a broker-dealer and, as such, are bound by FINRA regulations which require that such Financial Advisors effect their trades through their employing brokerage firm. Notwithstanding the foregoing, as broker-dealer we periodically conduct a best-execution analysis during which we evaluate the speed and certainty of our execution, price and size improvement, and overall execution quality. Orders for Advisory Programs generally are routed for agency execution. On the execution end, Advisory Client orders are treated with the same priority and procedural flow as non-Advisory orders. We generally use automated systems to route and execute orders for the purchase and sale of securities for all Advisory accounts, unless directed by Clients to do otherwise. Orders are generally routed to an execution center that is believed to provide the best execution. Certain large orders that require special handling may be routed to a market center for execution via telephone. We regularly monitor 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, we monitor the performance of competing market centers and generally route orders to those that consistently complete transactions timely and at a reasonable cost and which guarantee executions at the national best bid or offer. We execute load-waived mutual fund transactions on a fully disclosed basis through National Securities Clearing Corporation ("NSCC"). No-load mutual fund transactions are executed through NSCC or TD Waterhouse Institutional Services. ETF transactions are generally executed through the American, Midwest, or New York Stock Exchange. Whenever possible, orders are routed to market centers that offer opportunities for price improvement through automated systems.

### Aggregation of Trades in Advisory Portfolios

To the extent possible and in order to seek a more advantageous trade price, we may aggregate orders for the same security for the Accounts of several Clients in the Vantage Program into a single transaction (a "block trade") in order to seek a more advantageous trade price. We generally do not block trade in connection with any non-discretionary account, or an account that is not held at our firm. Block trading allows 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. Orders that cannot be filled in the same block trade or at the same average price are assigned to accounts in a manner that

ensures no bias towards any Client. 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 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, as clearing agent, 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. Beyond these risk-mitigating transactions, we and/or will refrain from any conduct that could disadvantage or harm the execution of client orders or that would place our financial interests ahead of clients.

Unless we are informed in writing ("opt out"), we will conclude that clients understand that Stifel may engage in risk-mitigating transactions in connection with client orders and will conclude that clients have given consent to us and to Stifel to handle block transactions as described above. Clients can contact their Financial Advisor for instructions on how to opt out.

#### **Directed Brokerage**

Unless agreed upon otherwise, we execute all Advisory transactions through our firm or our affiliate, Stifel. When Clients direct brokerage away from our firm or Stifel, it generally will result in higher costs. Fees and/or commissions for Advisory services do not cover and Clients are responsible for brokerage commissions, mark-ups, mark-downs, and/or other costs associated with transactions effected through or with third-party broker-dealer firms.

#### **Payment for Order Flow**

Payment for order flow is defined as any monetary payment, service, property, or benefit that results from remuneration, compensation, or consideration to a broker-dealer from another broker-dealer in return for routing customer orders to that broker-dealer. Currently, our policy is not to direct order flow for Advisory programs to specific destinations in exchange for payment. Orders may be routed to electronic communication networks ("ECNs") or similar enterprises in which we or some of our affiliates may have a minority ownership interest if it is determined to be in the best interest of Clients and consistent with our obligations under applicable law. We and/or our affiliates have ownership interests in ECNs and, as such, may receive indirect compensation from the ECNs if orders for Advisory programs are directed to such trading networks. Clients do not pay additional fees directly to us for such arrangements, but our firm and/or our affiliates may receive cash payments from certain market centers in exchange for routing orders.

#### **Trade Error Correction**

It is Century's policy that if there is a trade error for which Century and/or Stifel 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 as if the error had not occurred. Errors will be corrected at no cost to Client's account, with the Client's account not recognizing any loss from the error. The Client's account will be fully compensated for any losses incurred as a result of an error. If the trade error results in a gain, the gain may be retained by Century.

We and/or 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, Century attempts 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 expect all Financial Advisors and other product areas to incorporate the insights and economic perspectives of Stifel Research, where appropriate, into our products and services. ***Clients should be aware that we may have conflicts of interest in connection with recommendations based on Stifel Research.*** We and/or our 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 equities, fixed income, mutual funds, and municipal securities developed by Stifel's various business areas.

Our firm may also use research obtained from other financial institutions, including our affiliate KBW, as well as from other unaffiliated broker-dealers and/or investment advisers. In general, we seek third-party research that is in-depth fundamental corporate research to assist in providing Advisory services to Clients. This includes information in the form of written and oral reports, reports accessed by computers or terminals, statistic collations, appraisals and analyses relating to markets, companies, industries, business and economic factors, market trends, portfolio strategy, and trading insight and intelligence. Materials of a general nature that deal with technical factors, the business cycle, and the economy are also regarded as having value. We generally pay for independent third-party research. However, we also have access to free research from third-party sources, such as Russell Investments, pursuant to each such third-party source's arrangement with Stifel whereby such sources provide certain research services for free generally in return for recommending their investment products (or investment products of their affiliates) to Clients. ***Clients should be aware that our receipt of such research services may present a conflict of interest by creating an incentive for our firm and/or Financial Advisors to recommend the investment products offered by research firms (or by their affiliates).*** Our personnel generally do not recommend products based on the value of research services received directly from the research provider or their affiliates. 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.

Finally, some of our Financial Advisors may also obtain research from other independent sources. Generally such research is publicly available and the Financial Advisors do not pay extra to receive such research. However, in certain cases, Financial Advisors may pay for third-party research which may be used in connection with services provided to Client Advisory accounts. In general, we do not use any such financial institution in connection with trade executions in Client accounts.

#### **Brokerage for Client Referrals**

Our firm and/or our affiliates may be compensated by Independent Advisers for Client referrals to such Independent Advisers. The compensation we receive in this regard based on a



percentage of the total fees paid by each Client to the Independent Adviser for the period of time each Client remains with the Independent Adviser. Independent Advisers may open brokerage accounts for clients not introduced by our firm and/or our affiliates, and elect to use us for trade execution and/or custodial services. By providing such services, our firm (and Financial Advisors) act in a brokerage capacity and may receive brokerage compensation. Our firm has no solicitation arrangements with any affiliated investment advisers. Clients should refer to their Financial Advisor's supplement for a discussion of the referral arrangements (if any) applicable to such Financial Advisor.

### Margin

Clients may choose to employ margin strategies in eligible non-retirement, non-custodial 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. Only Clients can authorize the use of leverage in an Advisory account, and in making such decisions, 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. The use of margin also involves higher costs. Clients pay interest to our firm on the outstanding loan balance of their original margin loan. Fees are calculated as a percentage of assets under management; therefore, employing margin strategies to buy securities in Advisory accounts generally increases the amount of, but not the percentage of, 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 fee (where applicable); similarly, clients will be charged commissions to the extent the margin proceeds are used to effect transactions in a Vantage account.** As a result, Clients may lose more than their original investments. Likewise, a positive or negative performance, net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. **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.** Certain eligibility requirements must be met and documentation must be completed prior to using leverage in Advisory accounts. Specifically, Clients are required to execute separate margin agreements.

### Credit Lines

Clients may use assets in Advisory accounts to collateralize non-purpose loans ("Credit Line Loans"). Clients may apply for Credit Line Loans from our affiliate, Stifel Bank & Trust ("SB&T") using eligible securities accounts, including eligible Advisory accounts, as collateral. The proceeds of such loans may not be used to trade or carry securities, repay debt that was used to trade or carry securities, or repay debt to any affiliate of SB&T. If Advisory accounts are used to collateralize Credit Line Loans, the accounts are pledged to support any Credit Line Loans extended, margin strategies are automatically discontinued, and Clients are not permitted to withdraw funds unless sufficient amounts of collateral remain to continue supporting the Credit Line Loans (as determined by SB&T in its sole discretion). Clients pay interest to SB&T on Credit Line Loans. Certain eligibility requirements must be met and loan documentation must be completed prior to applying for Credit Line Loans.

### Defaults

Credit Line Loans extended by SB&T are demand loans and subject to collateral maintenance requirements. SB&T may demand repayment at any time. If the required collateral value is not maintained, SB&T may

require additional collateral, partial or entire repayment of any Credit Line Loans extended, and/or sale of securities to satisfy collateral maintenance requirements. Clients who employ margin strategies in their accounts may need to deposit additional cash or collateral 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. Failure to promptly meet requests for additional collateral or repayment, or other circumstances, including a rapidly declining market, may cause SB&T to instruct us to liquidate some or all of the collateral supporting any Credit Line Loan in order to meet collateral maintenance requirements. Depending on market circumstances, the prices obtained for the securities may be less than favorable. Any required liquidations may interrupt long-term investment strategies and may result in adverse tax consequences. ***Neither Stifel nor 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. For further information, please see the Stifel Loan Disclosure Statement available upon request.***

### Execution and/or Custody through Unaffiliated Firms (Directed Brokerage)

Clients in certain of the programs covered in this Brochure may select their own independent qualified custodian who generally also acts as executing broker for transactions in the Client's account(s). Neither our firm nor our Financial Advisors will recommend that Clients use any specific third-party custodian. Rather, each Client that determines to use an independent custodian must make that decision. Clients that direct brokerage to a particular independent broker should note that we may be unable to achieve most favorable execution of transactions for the account, and that this practice may result in higher costs to the Client. Fees for Advisory services are not covered, and if warranted, Clients are responsible for brokerage commissions, mark-ups, mark-downs, and/or other costs associated with transactions effected through or with unaffiliated broker-dealers. Additionally, our Advisory fees do not include, and Clients are solely responsible for custodial services provided by other financial institutions. Clients also are responsible for interest on debit account balances, the entire public offering price including underwriting commissions or discounts on securities purchased from underwriters or dealers involved in distribution of securities, exchange fees, regulatory fees, transfer taxes (including any foreign transaction taxes), and other fees required by law.

We do not assess the reasonableness of commissions and other charges assessed by third-party brokers mandated by the Client.

When securities can be traded in more than one marketplace, Client's independent custodian or clearing firm will generally use its discretion in selecting the market in which such orders are entered. Each affected Client should be aware that the clearing firm may receive remuneration, compensation, or other consideration for directing orders to particular broker-dealers or market centers for execution (i.e., payment for order flow) and that Stifel generally does not participate in such arrangements.



## CASH SWEEP PROGRAM

This section contains important information relating to our automatic deposit – or “sweep” – feature for available cash balances in certain Advisory account(s). As additional cash is deposited into eligible Advisory accounts or as cash is raised in the account through liquidations, dividend or interest deposits, or other intra-account cash activities, these funds are deposited through Stifel’s Insured Bank Deposit Program (the “IBP Program”) into interest-bearing deposit accounts at one or more participating banks on a priority list. The priority list is set forth in the *Insured Bank Deposit Program Terms and Conditions*, which can be accessed on Stifel’s website at [www.stifel.com](http://www.stifel.com) or obtained from Client’s Financial Advisor. Our affiliated bank, Stifel Bank & Trust (“SB&T”) is typically the first bank into which Advisory account funds will be deposited.

Deposit accounts at the participating banks are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 for each insurable capacity at each bank (i.e., individual, trust, etc) and they are **not** eligible for protection by the Securities Investor Protection Corporation (“SIPC”). Under the IBP Program, funds are swept into deposit accounts at up to 10 or more participating banks and, upon deposit, become eligible for FDIC deposit insurance coverage up to \$2.5 million (\$5 million for joint accounts of two or more), subject to applicable limitations.

### Covered Advisory Programs

The IBP Program applies to accounts whose underlying assets are held at Stifel and, therefore, affects the Vantage Program which is covered in this Brochure. It also affects the following other Programs which are covered in our Wrap Fee Program Disclosure Brochure: Score, Opportunity, Solutions, Fundamentals, Horizon, Unison, IMC and Spectrum.

### Interest Rate Earned on Deposit Accounts in the IBP Program

The interest rate earned on deposit accounts in the IBP Program will depend on, among other things, the amount of cash held in the deposit account(s). All deposit accounts held at any of the participating banks utilize the same interest rate tiers and will receive the same rate of interest.

The annual percentage yields (“APY”) for the corresponding interest rate tiers described below have been in effect since October 17, 2011. Current rates, *which may change daily*, and additional information is available at [www.stifel.com](http://www.stifel.com) under the Section Important Disclosures / Money Market Disclosure.

TIER	HOUSEHOLD BALANCE	APY
1	\$0 TO \$99,999	0.01%
2	\$100,000 TO \$499,999	0.01%
3	\$500,000 TO \$999,999	0.01%
4	\$1,000,000 OR MORE	0.03%

**Determining the Household Balance** – A Client may link one or more Advisory accounts to *other* Advisory accounts and/or brokerage accounts held by members of the Client’s household, as defined below, to determine the applicable interest rate tier. The aggregate balance of all “linked” accounts is what is referred to in these materials as the “Household Balance.” Only accounts held at Stifel with an identical address that are currently linked for purposes of account statements will be eligible to be linked for Household Balance purposes. In general,

Clients with greater Household Balances will receive a higher interest rate than Clients with lower Household Balances. For Clients that have opted to household their accounts for this purpose, we determine each Client’s Household Balance each month. The previous month’s Household Balance determines a Client’s eligibility for a particular interest rate tier. *Advisory accounts opened intra-month are initially assigned an interest rate tier 3 until the Household Balance is determined.* Clients are strongly encouraged to contact their Financial Advisor to determine whether their accounts are eligible to be linked for purposes of determining the Household Balance, or to make any changes to the accounts that are deemed linked for this purpose.

**How the Interest Rate Is Determined** – Stifel periodically negotiates with the participating banks to set the rate(s) that each bank will pay based on prevailing business and economic conditions. Each participating bank pays Stifel a fee equal to a negotiated percentage of the average daily deposit balance in the deposit accounts at the bank. The actual fee paid will vary depending on a number of economic and other factors, but could potentially be as much as 1.20% annually on some of the deposit accounts (depending on several economic factors). The fees may also vary from bank to bank. Stifel then pays a portion of the fee that it receives from the banks to the independent administrator of the IBP Program for its services, and retains a portion as reimbursement for other costs associated with offering the IBP Program to Clients. The remainder is paid to the Client whose funds are deposited to the participating bank(s).

**The Amount We Retain as Our Fees Will Impact the Interest Rate(s) Earned** – Since the interest rate earned on funds in the deposit accounts is determined first by Stifel’s agreement with the participating banks with respect to the amount of fee that each bank will pay, and then by the portion that Stifel retains as fees (including the amount that Stifel pays to the administrator), *Stifel’s fees will partially impact the interest rate that Clients will earn on deposit accounts in the IBP Program.* As set forth above, the portion of the fee that Stifel retains is intended to reimburse Stifel for the costs incurred in connection with offering the IBP Program. However, from time to time, Stifel may receive more or less than the actual costs that it incurs with respect to the IBP Program.

**Participation in the IBP Program Will Not affect Client’s Advisory Fees** – The amounts that Stifel retains in connection with the IBP Program will not reduce or otherwise affect the Advisory fees that a Client is obligated to pay in connection with any Advisory account. There are no other charges, fees, or commissions imposed on Advisory accounts with respect to the IBP Program.

**Benefits to Stifel Financial Advisors** – Under the IBP Program as currently structured, our Financial Advisors *may* be entitled to receive a portion of the fees paid to Stifel by the participating banks. However, the Financial Advisors do not currently share in any of the fees received in connection with the Program.

**Benefits to Stifel, Bank & Trust** – The IBP Program also provides financial benefits to our affiliate, SB&T, a participating bank and is typically the first bank to which deposits from Advisory accounts are swept. Deposit accounts at SB&T provide it with a stable source of funds, which SB&T will use to support its lending activities. As with other depository institutions, SB&T’s profitability is determined in large part by the difference between the interest paid and other costs incurred by it on its deposit accounts, and the interest or other income it earns on loans, investments, and other assets. As noted above, the participating banks, including SB&T, may pay lower than

prevailing market rates on deposit accounts. Therefore, we expect that SB&T's participation in the Program will increase its deposits, and consequently, its overall profitability (as will be the case of all of the Banks).

In general, we may be deemed to have a conflict of interest regarding Clients' participation in the IBP Program due to the portion of fees that Stifel retains from the participating banks, as well as the increased profitability we expect SB&T to achieve through its role as one of the participating banks.

#### Other Important Factors Relating to the IBP Program

- **Client Relationship With the Banks** – Clients will **not** have a direct account relationship with any of the participating banks as a result of the IBP Program. As custodian, Stifel acts as each Client's agent in establishing a deposit account with the applicable bank(s) and for on-going maintenance of the account. Deposit account ownership will be evidenced by a book entry on the account records of each participating bank and by records that Stifel maintains as each Client's custodian. No evidence of ownership, such as a passbook or certificate, will be issued to any Client.
- **FDIC Insurance Coverage and Limitation** – Each Client's deposits accounts with any participating bank will be aggregated for purposes of determining the FDIC coverage limit. If a Client has more than one account at a participating bank (for example, through the IBP Program, and separately through a personal account at the bank), the aggregate amount deposited at the bank may exceed the amount covered by FDIC insurance (currently \$250,000) per insurable capacity). **Each Client is responsible for monitoring the total amount of deposits that the Client has with the banks to determine the extent of FDIC deposit insurance coverage available.**
- **Deposit Accounts Are Not Eligible For SIPC Protection** – Stifel is a member of SIPC, which provides protection for securities in Client accounts up to \$500,000, including \$250,000 for free cash balances, in the unlikely event that Stifel fails financially. The SIPC protection limits apply in aggregate to all securities accounts that a Client holds in a particular legal capacity. As set forth above, cash deposited into the deposit accounts at the participating banks will be eligible for FDIC insurance coverage; however, these funds will not be covered by SIPC protection. In contrast, the money funds are covered by SIPC protection; however, they are not bank deposits, are not FDIC-insured, are not bank-guaranteed, and may therefore lose value.
- **Funds Swept to the Covered Money Funds Before the Effective Date** – Cash that was invested in money funds prior to October 1, 2012, will remain invested in such funds, until the money is needed to pay for new securities or to satisfy other debits from the Advisory accounts (e.g., to pay for Advisory fees or other withdrawals).
- **Tax Impact** – Interest earned in the deposit accounts will be taxed as ordinary income, and will be shown on the Form 1099 that is sent to each Client each year.

#### Alternatives to the IBP Program as a Sweep Investment ("Opting Out")

Stifel offers sweep features as a service to our Advisory Clients. We (and/or Stifel) may change or discontinue the IBP Program or specific sweep options at any time, and those changes may not necessarily benefit Clients.

Clients that wish to "opt out" of the IBP Program may select a tax-exempt money fund as their sweep option. Available tax exempt funds are listed in the table below. The tax exempt funds generally available

are listed in the table below, although certain restrictions may apply based on account type. State-specific municipal funds are intended for residents of those states only. For more complete information about any of the offered tax-exempt money funds, including their related charges and expenses, please contact a Financial Advisor for a prospectus or go to [www.stifel.com](http://www.stifel.com) under the Section Important Disclosures / Money Market Disclosure. Clients should read each tax-exempt money fund's prospectus carefully. We will not charge Clients that elect to opt out of the IBP Program any additional fees for opting out.

#### AVAILABLE TAX-EXEMPT MONEY FUNDS

**DREYFUS GENERAL MUNICIPAL MONEY MARKET CLASS B**

**DREYFUS GENERAL CALIFORNIA MUNICIPAL MONEY MARKET FUND CLASS B**

**DREYFUS GENERAL NEW YORK MUNICIPAL MONEY MARKET FUND CLASS B**

**DREYFUS NEW JERSEY MUNICIPAL MONEY MARKET FUND, INC.**

Although money funds seek to preserve a net asset value of \$1.00 per share, there is no guarantee that this will occur, and any money fund may end up losing value.

Clients that elect to opt out of the IBP Program should understand that, unlike deposit accounts in the IBP Program, investments in money funds are **not guaranteed or insured** by the FDIC or any other government agency.

**Excluded Accounts** – The IBP Program is available for all types of accounts in the Vantage Program or other account covered by this Brochure that is held at Stifel, **EXCEPT** for ERISA plan accounts; IRA accounts (including traditional IRAs, Roth IRAs, Simplified Employee Pension (SEP) IRAs, and Savings Incentive Match Plans for Employees (SIMPLE) IRAs); and accounts held by for-profit enterprises (such as corporations, partnerships, limited liability companies, business trusts, or other organizations) (collectively, "Excluded Accounts"). Should the IBP Program be elected as the applicable cash sweep option prior to enrolling in any Advisory Program, and the account is otherwise an Excluded Account as set forth above, then Stifel may change the Excluded Account's cash sweep option to a money market fund as follows:

Account Type	Fund Name	Symbol
ERISA plan accounts, SEP IRAs and SIMPLE IRAs	Dreyfus Treasury Prime Cash Management Institutional Shares	DIRXX - DTP
Other IRA accounts	General Treasury Prime	GTBXX - GTP

**By executing the Client Agreement, each Client opening an account that is an Excluded Account as defined above will be deemed to have specifically authorized Stifel to change the cash sweep option for the Excluded Account from the IBP Program to the applicable money fund set forth above.**

Please contact a Financial Advisor for further details and additional information, including how to obtain a prospectus, for any of the available money funds.

## 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 perform account reviews regularly.

### Portfolio Performance

Clients with accounts held at Stifel typically receive quarterly analyses of their portfolio performance relative to comparable market indices, as well as analyses of prevailing market conditions for the previous fiscal quarter. Performance information is verified by Stifel's Consulting Services Operations staff by reviewing the performance results for consistency among similar sectors and identifying any unusual variations or inaccuracies. Stifel may also provide quarterly performance reports directly to Clients. In certain limited circumstances, Clients may be allowed to waive receipt of periodic performance reports from Stifel.

*With very limited exceptions, Stifel generally does not provide performance reports for accounts in the Summit or Guidepost programs.*

### Transaction Statements

Clients whose custodial accounts are 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 custodial accounts are held away from Stifel (but who trade through Stifel) will receive a statement with respect to each month in which a transaction is effected in their Stifel account. If no transactions are effected, such Clients may receive their statements on a quarterly basis.

All other clients with a 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

As custodian, Stifel also provides Clients comprehensive 1099 statements for the previous tax year. 1099 statements include both reportable and non-reportable information including cost basis for securities that have been sold and additional information to assist with tax preparation.

### Transaction Confirmations

Discretionary accounts trading through our firm may elect to receive trade confirmations immediately upon execution in their accounts or defer confirmations until the end of each quarter. Clients 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 of non-discretionary programs are not eligible to defer confirmations.

### Registered Fund Prospectuses and Other Communication

Clients with custodial accounts at Stifel receive a current prospectus for each mutual fund, ETF, and UIT purchased.

## Other Compensation

Clients should refer to the Brokerage Practices section above for a discussion of research services that our firm may receive for recommending certain products to our clients.

## CLIENT REFERRALS AND OTHER COMPENSATION

In general, we require that all applicable solicitation or referral arrangements comply with regulatory requirements applicable to solicitation arrangements, 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 Client agreement. Century has policies and procedures to ensure that proper disclosures are provided to Clients at the time of solicitation and/or account opening, as well as that Clients sign appropriate disclosure delivery receipts. 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 Century) in respect of the solicitation.

Our firm may enter into solicitation arrangements with one or more of our Affiliated Advisers, for us to act as solicitor for the Affiliated Adviser and/or the Affiliated Adviser to act as solicitor for our firm. In either case, the solicited Clients should be aware that our Financial Advisors may have an incentive to recommend Affiliated Advisers over Independent Advisers as the Affiliated Adviser's receipt of additional revenues for portfolio management services not otherwise available with the Financial Advisor may have a positive impact on our affiliated group. Similarly, our Affiliated Adviser may have an incentive to recommend our firm over other financial institutions. As of the date of this brochure, our firm has not entered into any solicitation arrangements with any of our Affiliated Advisers; this may change at any time in our sole discretion.

In addition to the arrangements set forth above, our firm also 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 directly or indirectly compensate individuals or companies 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 Stifel over other firms.

### Compensation for Client Referrals

Our firm and/or Financial Advisors may be compensated by third-party Advisers for Client referrals in Horizon and other Programs. Compensation received in such arrangements may be based on a percentage of the total fees paid by each Client to the third-party Adviser for the period of time each Client remains with the third-party Adviser. In other cases, a third-party Adviser may agree to use our trade execution and custodial services for all referred Clients, and may also agree to open brokerage accounts for clients not introduced by us. By providing trade execution and custodial services to such Advisers, our firm and/or our Financial Advisors act in a brokerage capacity and may receive brokerage compensation. As such, Financial Advisors have an incentive to recommend third-party Advisers with whom the Financial Advisor and/or our firm has a referral

arrangement over those with no such arrangement. Clients should refer to their Financial Advisor's supplement for a discussion of the referral arrangements (if any) applicable to such Financial Advisor.

As set forth above, our firm has entered into solicitation arrangements with certain of our Affiliated Advisers, pursuant to which we (or our Financial Advisors) receive compensation for referrals made to such Affiliated Advisers. In addition, our Financial Advisors also may receive nominal compensation for referring clients to our other affiliates for services, including but not limited to our banking affiliates.

#### **Other Compensation**

As set forth above under "Additional Information on Fees and Compensation," we may receive Revenue Sharing from private fund sponsors or managers to whom we refer Clients for investments. We may similarly receive payments from mutual funds in which Clients invests; Clients should refer to the Section "Additional Information on Fees and Compensation" above for a more detailed discussion about such other payments. Clients should also refer to the Brokerage Practices section above for a discussion of research services that our firm may receive for recommending certain products to our Clients.

#### **CUSTODY**

Stifel typically maintains physical custody of Advisory Client assets in the Vantage program covered in the Brochure, and provides all required reports directly to the Client. We have adopted policies and procedures that are designed to mitigate risks involved with using an affiliate as the custodial firm to ensure that each such Client's 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. Our independent auditor files a report with the Securities and Exchange Commission attesting to, among other things, our compliance with regulatory requirements. In addition, we receive an internal control report issued by an independent auditor in connection with Stifel's custodial services to our Clients.

As set forth above under "BROKERAGE PRACTICES - Execution and/or Custody Through Unaffiliated Firms," Clients in certain programs offered through this Brochure may elect to have their assets maintained by an independent qualified custodian.

#### **INVESTMENT DISCRETION**

Some Programs may require Clients to provide us with a limited power of attorney so that account and/or portfolio management services may be provided on a discretionary basis. Discretion is authorized by Clients by signing the discretionary program's Client Agreement. Discretionary authority is limited to selection of securities as well as the number of shares to buy or sell and, if directed by the Client, voluntary corporate actions and proxy voting. Clients may impose reasonable restrictions on our discretionary authority and modify existing restrictions by notifying us in writing. Such modifications are honored after being reviewed and accepted our firm. Clients that elect to impose investment restrictions on their account should note that such restrictions generally will affect account performance and that, in some cases, the impact may be material and adverse.

#### **VOTING CLIENT SECURITIES**

Clients who receive account and/or portfolio management services on a discretionary basis may appoint our firm to vote proxies on their behalf. *We may have delegated proxy voting authority relating to Client assets to Stifel.* Clients may change their proxy voting election at any time upon written notice. 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 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 may forward the proxies to the 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 (and Stifel) do not accept proxy voting authority from clients who receive account and/or advisory services on a non-discretionary basis. Such clients generally will receive proxy materials directly from the issuer's transfer agent, and are responsible for voting their own proxies. Our personnel generally do not provide any form of assistance in the proxy voting process.

#### **FINANCIAL INFORMATION**

Our firm does 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 Stifel with respect to ERISA qualified retirement plans (each, a "Plan").

#### **General Description of Status and Services Provided by Stifel Nicolaus to the Plan**

As set forth above in the section "Services, Fees and Compensation" of this Brochure, we offer and provide 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 advisory services, investment management services, trading services, and/or custody services, as well as participant education and guidance.

**Discretionary Investment Management Services** - We offer and provide discretionary ERISA fiduciary investment advisory services through the Vantage Program covered in this Brochure. Discretionary investment management services in this Program are provided directly through a Financial Advisor. Each Plan Client should review the applicable Program description as set forth in the section "Services, Fees and Compensation" above in this Brochure.

**Non-Discretionary Advisory Services** - We also offer and provide non-discretionary ERISA fiduciary and investment advisory services through our Summit Program which is covered in this Brochure. Non-discretionary investment advisory services for this Program are also provided through a Financial Advisor as

our registered representative and investment advisory representative. More detailed information about the Summit Program is provided in the section “Services, Fees and Compensation” of this Brochure.

**General Description of Compensation Paid to Stifel Nicolaus**

Our firm accepts direct compensation in the form of fees paid pursuant to the Advisory agreement entered into with the Plan at the account opening. Plan Clients should refer to the applicable Advisory agreement for the fee calculation formula specific to the Plan account.

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

Plan accounts that invest in American Depositary Receipts (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).