



**ADVISORY CONSULTING  
SERVICES**

**SEC Number: 801-43561**

**DISCLOSURE BROCHURE**

**AUGUST 15, 2016**

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 ("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 ("SEC") or by any state securities authority. Additional information about Century Securities Associates, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply a certain level of skill or training.

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August 15, 2016

## MATERIAL CHANGES

Since Century Securities Associates, Inc. (Century or the “Firm”)’s last update in March 2015, the firm has experienced the following changes which may be considered material:

- We added a general discussion of some of the conflicts of interest that our firm and/or Financial Advisors, or Stifel, Nicolaus & Company, Inc., (our affiliate and the sponsor of certain programs offered in this brochure) may be subject to, in connection with providing advisory services to clients. This discussion may be found starting on page 10 of the brochure.
- We moved our discussion of the account minimums applicable to the Programs covered in this brochure, previously under the Program descriptions in the section “Services, Fees and Compensation,” and consolidated the same under the section “Account Requirements and Types of Clients” starting on page 10 of the brochure.
- Our affiliated trust companies recently consolidated into two remaining entities; as a result, we have deleted references to 1919 Investment Counsel & Trust Co. and the Trust Company of Sterne Agee Inc. from the section “Other Financial Industry Activities and Affiliations”, starting on page 12 of the brochure.

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.

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*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 from their Financial Advisor.*

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## EXECUTIVE SUMMARY

### About Century Securities Associates, Inc.

Century Securities Associates, Inc. ("Century") is broker dealer and investment adviser registered with the SEC since March 19, 1993. Century is owned by Stifel Financial Corp., a publicly held company whose common stock trades under the symbol "SF." Century's business purpose is to serve the investment needs of 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"). 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).

In this brochure, the pronouns "we," "our," "us" and similar words will refer to Century. The pronouns "you," "your," and similar words will refer to you as the Client.

### Services We Provide

Century offers both Advisory and brokerage services. 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 different laws, standards of care and separate contracts with Clients govern each. While there are similarities among brokerage and Advisory services, our firm's contractual relationship with and legal duties to Clients are subject to a number of important differences, depending on whether we are acting in a brokerage or Advisory capacity.***

## ADVISORY BUSINESS

### About our Investment Adviser

Our services include discretionary and non-discretionary Advisory services which generally involve account and/or portfolio management, financial planning services, recommendation of and assistance with the selection of securities and/or third-party investment advisers ("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,

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 ("MLPs") 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. We generally manage accounts enrolled in wrap fee programs with the same level of care as we manage non-wrap fee program accounts.

The wrap fee Programs in which Clients may enroll include the Stifel Opportunity Program whereby an affiliated or unaffiliated investment adviser acts as the discretionary portfolio manager, or provides a model portfolio to Stifel for its implementation. Stifel also offers discretionary investment advisory services through the Solutions, discretionary Fundamentals, Unison, and Spectrum Programs. Non-discretionary investment advisory wrap fee Programs include the Horizon and non-discretionary Fundamentals Programs. Finally, under the Custom Advisory Portfolio Program, Stifel retains limited discretionary trading authority over applicable client accounts whose portfolios may be a combination of any of internal and/or external model portfolios, mutual funds and/or ETFs. Each of these wrap fee Programs is further described in the Wrap Fee Programs Brochure, which is available upon request.

### Our Responsibilities as an Investment Adviser

As an investment adviser, we are acting as a fiduciary and 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, the duty to serve the best interests of Clients, the obligation to place Clients' interests before our own; full disclosure of material and potential conflicts of interest; full disclosure of compensation received from Clients or third parties for providing investment advice or advisory services to our Clients; and 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. 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 the section "Participation or Interest in Client Transactions".

## Assets Under Management

As of December 31, 2015, we managed approximately \$104,161,443 in Client assets on a discretionary basis, and \$288,550,526 on a non-discretionary basis. We also advised clients with respect to an additional \$4,416,746 managed by unaffiliated investment advisers.

## SERVICES, FEES AND COMPENSATION

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

Our affiliate, Stifel, Nicolaus & Company, Incorporated (“Stifel”) supports the Advisory services described in this brochure by providing access to its research and Advisory programs, execution of client transactions, and, in most cases, custody of client assets.

Throughout this brochure and depending on the type of Program referenced, the term “Portfolio Manager” shall refer to, as applicable, a) Stifel where it or your Financial Advisor, as agent for Stifel, provides discretionary portfolio management services and/or b) an Independent Adviser or Affiliated Adviser that either provides model portfolios which Stifel will implement in your account, acts as your direct discretionary Portfolio Manager, or to whom Stifel has delegated discretionary authority as a sub-advisor. References to the singular include the plural and vice versa.

### Investment Restrictions

Subject to review for reasonableness, Advisory Clients in the Programs covered in this brochure may impose restrictions on investing in specific securities or certain types of securities. If we (and/or Stifel) determine that the restrictions are reasonable and accept them, we will be responsible for implementing, and managing the account consistent with such restrictions imposed by Client. It is important for Advisory Clients to understand that, if such restrictions are approved and imposed on their account, the account’s performance may differ (even significantly) from the performance of other accounts in the same portfolio without such restrictions. The ability to restrict investments does not apply to and does not affect the purchase policies of, or underlying securities held by, any mutual funds, ETFs or other commingled vehicles. Clients may request in writing that specific mutual funds or ETFs not be purchased in an account; however, because mutual funds and ETFs are pooled investment vehicles, it is not possible for our firm to accommodate requests for restrictions on individual securities within such funds.

## ADVISORY PROGRAMS OFFERED AT CENTURY

Through our affiliation with Stifel, we offer a number of different options under our Advisory Consulting Services Programs (each a “Program” and collectively, the “Programs”). Clients may select from the following Advisory Consulting Services Programs as appropriate for their needs:

## WRAP FEE PROGRAMS

As set forth on the cover page, we offer various Advisory Programs to our Clients, including “wrap fee” Programs, with respect to which Stifel serves as sponsor and, in certain programs, portfolio manager for some or all of the portfolios in the Program. A “wrap fee” is an annual fee paid by the Client to Stifel that is intended to cover applicable services to the account, including investment advice, portfolio management (where applicable), execution (if executed at Stifel), custody, administrative and account reporting services. To the extent that portfolio management or similar services are provided by third parties, Stifel pays such third parties for their services and retains the balance of the wrap fee for its services. Our Financial Advisors and/or Stifel generally manage accounts enrolled in wrap fee Programs with the same level of care used when managing non-wrap fee Advisory accounts.

The wrap fee Programs that we offer include the Opportunity Program and Select Manager Program whereby an affiliated or unaffiliated investment adviser acts as your discretionary portfolio manager, or provides their model portfolio to Stifel, which we will implement and manage. Stifel also offers discretionary investment advisory services through the Solutions, Select APM, discretionary Fundamentals, Select Funds, Unison, and Spectrum Programs. Stifel also offers non-discretionary investment advisory services through the Horizon, Select Advisor, non-discretionary Fundamentals, and Client Directed Unified Managed Account (“CDUMA”) Programs. Under the CDUMA Program, Stifel has authority to select and fire third-party portfolio managers to provide their model portfolios to Stifel, who will manage your assets in accordance with such model on a discretionary basis. Each of these wrap fee Programs is further described in the Stifel Wrap Fee Programs Brochure and/or Select Programs Brochure, each of which is available upon request.

We also offer a number of different options under our Advisory Consulting Services Programs. Clients may select from the following Advisory Consulting Services Programs as appropriate for their needs:

## STIFEL VANTAGE PROGRAM

### About the Stifel Vantage Program

Under the Stifel Vantage Program (“Vantage”), certain Century Financial Advisors (in that capacity, “Vantage Managers”) who meet the Vantage Program certification requirements provide discretionary account management services to Clients.

Once the Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Vantage Manager will assist the Client in selecting the appropriate strategy for all or of part of the Client’s asset allocation in the Vantage account. To implement a Client’s investment objectives and risk tolerance, a Vantage Manager may utilize fundamental, qualitative, quantitative and/or technical research published by Stifel or another source. Vantage Managers may also employ short-term purchases and/or limited options trading, provided such strategies are suitable and appropriate for the Client and, as applicable, approved for the Account. Accounts in the Vantage Program may differ depending on client objectives and Vantage Managers may have one or more approaches that they use in managing Client accounts. Each Client is encouraged to discuss and review with the applicable Vantage Manager how the account will be managed, as well as the specific risks applicable to the Client’s Vantage account.

Subject to such limitations as our Firm and/or Stifel may impose from time to time, the Vantage Managers invest in various kinds of equity and fixed income securities. As with our other discretionary programs, Clients may impose reasonable restrictions on investing in specific securities or certain types of securities.

### Vantage Commission Schedule

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 in certain circumstances) for brokerage transactions.

## **Conflicts of Interest**

*It is important to understand that, due to the commission-based fee structure described in the preceding section, our Firm and/or your Financial Advisors may have an incentive to recommend this product over other products contained in this brochure or in other related brochures. Clients should consider carefully whether the Vantage program is suitable for their investment objectives, risk tolerance, time horizon and investment experience. The Vantage Program may not be suitable for Clients with a projected high level of trading activity where the commission and transaction costs are expected to exceed those that would otherwise be charged under a similar, wrap based Program. We highly encourage Clients to review all available options with their Financial Advisor(s).*

<u>Account Value</u>	<u>Annual Fee</u>
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%
\$100,000,000 +	Negotiable

Clients may be able to negotiate lower fees with their Financial Advisor. In certain circumstances, the Financial Advisor may negotiate a one-time flat dollar fee arrangement with the Client.

The initial fee is calculated based on the *account's most recent account statement*, quarterly or otherwise. The fee is billed quarterly in advance.

## **STIFEL SUMMIT PROGRAM**

The Stifel Summit Program (“Summit”) allows our Financial Advisors the ability to serve Clients who are seeking investment advice for assets held at a custodian other than Stifel. Clients that may benefit from a Summit relationship include (but are not limited to): municipalities, endowments, foundations, corporations, high net worth individuals, and sponsors and/or trustees of qualified retirement plans subject to the Employee Retirement Income Security Act (“ERISA”).

Non-discretionary investment services offered may include, for example: assisting Clients in the preparation of an investment policy statement; analysis of asset allocation and style consistency; advice regarding use of third-party investment managers; evaluation of investment risk and performance; and recommendations on the purchase and sale of individual investment vehicles 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 Client in accordance with the Client’s investment objectives, risk tolerance, time horizon, and investment experience as communicated to the Financial Advisor through an investment policy statement or other applicable documents. In each case, Clients are solely responsible for implementing any non-discretionary advice provided by the Financial Advisor(s).

From time to time, we may approve arrangements under which our Financial Advisors 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 Century or the Financial Advisor) determines the specific qualified independent custodian to be used. While our Financial Advisors may direct the trades, Client’s independent qualified custodian or other broker-dealers will provide all brokerage execution and clearing services relating to such trades. The Client (not Century) is solely responsible for all brokerage and custodial charges imposed by Client’s independent qualified custodian.

*Clients who elect to hold their assets at other institutions should be aware that we also offer other Programs through which Clients pay a wrap fee for investment management, execution (to the extent trades are executed through Century), clearing, and custodial services. These wrap fee Programs may be a cheaper alternative to Clients than using the Summit Program on a discretionary basis; 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 fee schedule for the Summit Program is as follows:

## **STIFEL GUIDEPOST PROGRAM**

### **About Stifel Guidepost Program**

The Stifel Guidepost Program allows Century Financial Advisors to provide non-discretionary investment advisory services to Clients that are participants of employer-sponsored, participant-directed retirement plans (e.g., 401(k) plans) or other qualified retirement plans subject to the Employee Retirement Income Security Act (“ERISA”). ***This Program is only suitable for Clients with plans held at Financial Institutions other than Stifel.***

Our Financial Advisors will typically review the available investment options of the applicable employer-sponsored plan(s) and provide investment advice to the Client in accordance with the Client’s investment objectives, risk tolerance, time horizon, and investment experience as communicated to the Financial Advisor. Our 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 fee is calculated based on the *account's most recent account statement*, quarterly or otherwise. The fee is billed quarterly in arrears.

## **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.

## **FEEES AND COMPENSATION**

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

As set forth above under each applicable Program, except with respect to the Vantage Program, Clients pay an annual Advisory fee based on a percentage of assets (generally net of any margin debit balance) in their Program account(s). The Advisory fee paid by each Client for an Advisory account is set forth on the

applicable fee schedule signed by the Client. The fee schedules set forth above represent the rates that may be charged for each Program. Actual fees charged, may be negotiated or discounted in our Firm and Stifel's discretion and therefore may differ from those outlined in the fee schedules outlined above. A Client may pay more or less than seemingly-similarly situated Clients depending on the particular circumstances of the Client, such as the pricing model, the size and scope of the Client relationship, additional or differing levels of service and the asset class to which each Strategy is attributable. Clients that negotiate fees with different tiers, including flat fees, may end up paying a higher fee than as set forth in the applicable fee schedule set forth above as a result of fluctuations in the amount of the client's assets under management and account performance.

There are certain other fee schedules that are no longer offered to new clients or are only offered to certain specific clients depending on their individual circumstances. Additionally, certain clients pay different fees, which may be higher or lower, than the ones referenced above and that are not currently available to all clients. There are also other fee schedules that may apply to certain specific strategies in the Programs referenced above.

### Calculation and Deduction of Advisory Fees

Advisory fees for each account are due quarterly, in either advance or arrears, depending on the Program and the specific agreement with the Client. The initial fee for each account is charged in full as of the opening date, based on the account's opening market value. In calculating the annual fee (or any partial period thereof), we assume a 360-day annual period. For the initial fee, the period for which the fee relates is the opening date through the last day of the current calendar quarter, and is prorated accordingly. Thereafter, the fee is based on the account's closing market value on the last business day of the previous calendar quarter. The fee is due on the business day following the assessment day.

In valuing assets held in Client accounts, we rely on publicly recorded information, use various vendor systems which we have reviewed and reasonably believe to be reliable, and/or rely on valuations provided by third-party custodians holding assets and/or accounts that are part of a Client's Advisory relationship with us. For assets held at Stifel, if prices are unavailable, we determine prices in good faith to reflect an understanding of the assets' fair market value. We do not adjust fees for fluctuations in value during a period due to market conditions, or as a result of intra-period transfers out of a Client's Advisory account(s) (including, but not limited to, transfer to a commission-based account for the same Client). However, an account **will** be charged a prorated fee on any net additions during a quarter. *Each Client is responsible for monitoring his or her account to minimize transfers that would increase applicable fees or otherwise result in increased charges.*

Any increase in the fee will be agreed upon, in writing, between you and Stifel. However, Stifel may provide you with prior written notice in any instance where a fee is decreased.

### Fee Householding

In certain cases, Clients may elect to fee household accounts invested in Programs covered in this brochure with other Advisory accounts held in custody at Stifel (that is, combine multiple Advisory accounts for purposes of calculating the fee in order to qualify for available lower fee tiers in each Program). Fee householding can result in lower overall fees to the Client if the aggregate household value is high enough to qualify for lower fee tiers in the applicable Programs. Clients can fee household advisory accounts across multiple Programs, without limitation as to the type of the account, the name on the account, or the address of record. *Clients should note, however, that in cases where Client assets are held with an unaffiliated custodian, due to expected lag times in receiving account information for billing purposes from such unaffiliated custodians, it may be impracticable to household these accounts with accounts held at Stifel. Clients should also note that it is the Client's*

*responsibility, not Century's, to determine whether the Client has multiple Advisory accounts that could be fee household and potentially result in lower overall fees to the Client. Clients should contact their Financial Advisor(s) for more detailed information about fee householding advisory accounts.*

### Assets Held with Independent Custodians

For the Summit and Guidepost Programs covered in this brochure, Client assets are held with an independent qualified custodian, selected by the Client.

In such cases, the 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). In cases where fees are determined in such a manner, we require Clients to provide us with duplicate copies of account/custodial statements. We do not independently verify the values in such account/custodial statements. ***Clients should understand that we reserve the right to terminate the agreement if the Client consistently fails to promptly provide us with updated account statements on which to base our fees.***

Alternatively, Clients may (at their discretion) direct their 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). ***Clients should carefully review the independent custodian's or administrator's calculations and confirm the Stifel fees deducted from the account by such custodian or administrator, are consistent with the Client's fee agreement with Stifel. Clients are strongly encouraged to promptly notify us in the event of any discrepancies.***

### Deduction of Advisory Fees

For the Summit and Guidepost Programs covered in this brochure, Advisory fees will be deducted according to the agreement between the Client and Stifel. Permissible fee payment options may include:

- **Letter of Authorization ("LOA"):** Pursuant to an LOA the Advisory fee may be deducted from a separate Stifel account on the billing date each quarter. If the designated account has insufficient funds, we reserve the right to automatically debit the Advisory account to collect the amount due.
- **Client Invoice:** In certain cases, Clients may select the option of receiving an invoice on the billing date each quarter and agrees to remit the fee payment promptly. If the fee payment is not received within a reasonable time, we reserve the right to automatically debit the Advisory account to collect the amount due. If the fee payment is debited from a qualified plan and funds are received thereafter, the receivable shall be considered a contribution.

In each case, we require that Clients 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.

### **Refund of Fees upon Termination**

- (i) *Accounts Billed in Advance:* 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.
- (ii) *Accounts Billed in Arrears:* 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.

### **Exclusions from Advisory Fees**

#### **Unsupervised Assets**

If a Client's account includes "unsupervised assets" that are excluded from billing (which may include but are not limited to positions in our parent company stock (SF), securities purchased in a syndicated offering by our firm and held for less than a year, mutual fund shares purchased with a sales load at our firm and held for less than three years (Client is responsible for notifying Stifel of any such shares), or certain ineligible assets depending on the Program in which the account is enrolled), Clients should note that any such unsupervised assets are not considered part of our Advisory relationship. Our firm specifically disclaims any fiduciary obligations with respect to unsupervised assets held in a Client's Advisory account. This means that we do not undertake to monitor any such assets even though they are held in the Advisory account. The unsupervised assets are held in the account solely as an accommodation to the Client. Clients can request a list of the unsupervised assets held in their accounts at any time, without charge, from their Financial Advisor.

#### **Transaction Based Charges (Commissions)**

Clients in the Programs included in this brochure typically pay transaction based commissions either to (i) Stifel (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.

#### **Additional Fees and Expenses**

In addition to the Advisory fees (or transaction-specific commissions) explained above, Clients in each Program covered by this brochure will be separately responsible for:

- 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 ("ETF"s), 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.

- To the extent assets are held at Stifel, any "pass through fees" 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.
- To the extent assets are held at Stifel, any commissions, clearing charges, custodial fees, wire charges or other applicable charges by any financial institution (other than Stifel) in connection with investments in foreign ordinary shares.
- Any other fees and expenses not directly incurred by us or our Financial Advisor, and any fees and expenses not within our firm's control.
- Any other fees and expenses not directly incurred by us or our Financial Advisor, 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.*

### **Compensation to Financial Advisors, Research Sources and third-party Advisers**

We remit a percentage ("Payout Rate") of the Advisory fees and, if applicable, commissions that we receive from Clients, after the deduction of third-party Adviser fees and/or all other related expenses, to our Financial Advisors. Payout Rates generally range from 25% to 50% and are determined by many factors, including the total revenue generated by the Financial Advisor and the Program in which the Client is enrolled. 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. Financial Advisors are compensated on a monthly basis.

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

Our Firm, Financial Advisors, Stifel or our other affiliates may, from time to time, receive additional compensation in connection with certain types of assets in which Client's Advisory accounts may be invested. This compensation is in addition to the Advisory fee that a Client pays to us for our investment advisory services. 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.

#### **Compensation from Registered Funds**

Clients may incur direct fees and expenses for investments in mutual funds, ETFs, closed-end funds, or unit investment trusts ("UIT"s) and/or money market fund (collectively, "Registered Funds"). These fees and expenses are initially paid by the Fund complex, but are passed on to all Fund investors owning the same class of shares and are separate and in addition to fees charged for our Advisory services. Such fees and expenses will be included in the price of a Registered Fund and are not separately itemized, but 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):

- (i) *Networking and/or Omnibus Fees:* Registered Funds generally pay networking and/or omnibus fees in consideration for ancillary services provided in connection with fund positions held in accounts at in custody at Stifel (such as in Vantage accounts). Networking fees are generally calculated by applying the standard networking



range of up to \$10 per fund account annually. Omnibus fees may range up to \$19 per fund account annually, or 0.15% of the Registered Fund assets held at Stifel.

- (ii) *12b-1 Distribution Fees ("12b-1s")* are received directly from the Registered Funds, both affiliated and non-affiliated, for distribution and shareholder services we provide in connection with the purchase and sale of mutual fund shares. The current rate of 12b-1 fees that we receive from Registered Fund companies generally ranges from 0% to 0.25% annually.
- (iii) *Revenue Sharing Compensation* is intended to compensate us for assisting with the sales and distribution support and ancillary services related to sales of mutual fund shares, and is generally based on either the amount of sales or the value of assets our Clients hold with the particular fund company. Such payments may be made directly from the Registered Fund's distributors and not from the Registered Funds themselves. Revenue Sharing may give our firm (and/or Stifel) a financial incentive to recommend particular Funds to Clients. We generally receive Revenue Sharing in connection with Registered Fund shares held in Stifel accounts (or for the benefit of Stifel Client accounts held directly with a Registered Fund company), rather than shares held at other financial institutions. While not all Registered Fund companies participate in additional compensation arrangement with Stifel, the compensation that our firm 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 0.10% on an annual basis, or a fixed dollar amount. This Revenue Sharing information is subject to change at our discretion. Although we seek to apply a standard payment schedule, not all Registered Fund companies approach Revenue Sharing the same way, and some fund companies may decline to pay Revenue Sharing at the levels listed above, or at all, which may present a financial disincentive for us to promote the sale of those funds. We do not pay any portion of any Revenue Sharing received to our Financial Advisors to mitigate the potential conflicts of interest that could arise if our Financial Advisors recommended Registered Funds based on our firm's Revenue Sharing arrangements.
- (iv) *Training and Education Expense Contributions:* Registered Fund companies and/or Advisers may subsidize a portion of the cost of training and achievement seminars offered to our Financial Advisors through specialized and/or firm-wide Programs and consulting training forums. These seminars are designed to provide education and training to Financial Advisors who recommend (or are considering recommending) the Registered Fund and/or Adviser's portfolio or strategies to Clients. The subsidies may vary, and no vendor company is required to participate in the seminars or to contribute to the costs of the seminars in order to have their products or services available through our platform. Financial Advisors do not receive a portion of these payments. However, their attendance and participation in these events, as well as the increased exposure to vendors who sponsor the events, may lead Financial Advisors to recommend the products and services of those vendors as compared to those who do not.
- (v) *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 Registered Funds which our Financial Advisors may recommend to and/or purchase for Client accounts. These affiliates will receive management fees (or a share thereof) from the Registered Fund or the Funds' adviser, even in cases where the Registered Fund shares are purchased and held in Advisory accounts (thereby, subject to Advisory fees). *Our firm does not directly share in any Fund management or other fees received by our affiliates for their management services to the Registered 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 our firm (and/or Stifel) 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 Century and/or Stifel 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. *To the extent we (or Stifel) do receive additional compensation discussed above from Registered Funds (including, for example, Revenue Sharing), we reserve the right not to rebate any such additional compensation to Clients (except with respect to IRA accounts and accounts subject to ERISA).*

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

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

With respect to margin transactions, each Client that engages in such transactions should note that we charge 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. *We do not reduce our fees by the value of any interest or similar payments that we receive from Clients in this regard.* Each Client is strongly advised to carefully review the impact (including the long-term effects) that each of these practices will have on their overall account.

#### **Revenue Sharing With Private Investment Funds or Their Sponsors**

From time to time, we may enter into revenue-sharing arrangements with private investment funds in which our Clients invest, or the managers or sponsors of such private investment funds. We also enter into placement agent agreements pursuant to which our firm and our Financial Advisors receive placement fees from funds or their affiliates as compensation for recommending and/or selling the fund to Clients. To the extent that we receive placement fees and/or have a revenue-sharing arrangement with any 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 will receive in respect of the investment (including, to the extent applicable, any ongoing payments.) These arrangements create a conflict of interest because they may give a Financial Advisor an economic

incentive to recommend funds for which we receive a placement fee over other products. Clients should carefully consider such arrangements in determining whether to implement a Financial Advisor's recommendations relating to funds.

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

In addition to being a dual registrant, our firm is also licensed as an insurance agency with various states. As such, eligible, i.e. licensed, Financial Advisors are able to offer various insurance products to Clients as part of our comprehensive investment services to Clients. Such Financial Advisors are generally licensed as insurance agents and, as such, can effect insurance transactions for separate and customary commission compensation. 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.

#### ***Conflicts of Interest***

As set forth above, the additional compensation associated with the Programs and/or investments described in the preceding section, to be paid to and retained by our firm and/or one or more of our affiliates (and which may be shared with your Financial Advisor), may present a conflict between the interests of Clients on the one hand and those of Stifel, our affiliates and your Financial Advisor on the other. This additional compensation may provide an incentive to our firm, Stifel and/or your Financial Advisor, in exercising discretion or making recommendations for your account, to choose or recommend investments that result in higher compensation to our firm, your Financial Advisor and/or affiliates of Stifel. For example, your Financial Advisor will receive a portion of the fee that we retain after paying, as applicable, the third-party Adviser or Research Source its portion of the Advisory fee. *As a result, our Financial Advisors may have an incentive to recommend Advisory Programs in which the fee is not shared with a third-party Adviser or a Research Source in order to receive a higher portion of the fee.*

In these circumstances, it is our duty to determine that an investment made in your Account or recommended to you that results in such additional compensation is in your best interest based up on the information you have provided to us.

***It is important to note that*** the services provided to you under the Programs described above may be obtained on an unbundled basis and may result in overall lower costs. You could use a commission-based brokerage account instead of a fee-based investment advisory account. If you selected a brokerage account, we would not provide any investment advisory or portfolio management services and would earn commissions (and their equivalents) for effecting transactions based upon your specific instructions instead of the net asset-based fee it retains in the investment advisory context (after payment is made to Research Sources, third-party Advisers etc., as applicable). If your Financial Advisor placed few transactions for your brokerage account, the revenue from your brokerage account would be less profitable to Stifel than the amounts it retains from the Advisory fee. As a result, Stifel may have a financial incentive to recommend an Advisory program to you over other programs or services. **You are responsible for determining whether an Advisory program is appropriate for you. In that regard, you should understand the investment strategy you have selected and the amount of anticipated trading activity in assessing the overall cost of the Program.** Relative transaction infrequency could have a bearing on whether an asset-based fee account is more appropriate for you than a commission-based account.

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

Century does not charge performance-based fees.

## **ACCOUNT REQUIREMENTS AND 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. However, please note that not all types of investors are eligible for each Program.

#### **Program Minimums**

The following minimum account sizes are generally required to open an account in the Programs outlined in this brochure. Specific minimums depend upon the investment strategy selected by the Client and exceptions to the stated minimums can be granted in our Firm's and Stifel's discretion.

- Vantage Program: \$50,000
- Summit Program: \$1,000,000
- Guidepost Program: no minimum account size

*Clients should contact their Financial Advisor for more information on account and investment minimums.*

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

In determining the appropriate allocations and/or investments for our Client accounts in the cases where Financial Advisors are directing and/or recommending specific securities or investments, 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, Financial Advisors 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 Financial Advisors 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.

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

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

In general, our Advisory services with respect to the Programs offered in this brochure typically combine strategic asset allocation and periodic rebalancing to grow and/or preserve principal. Our Financial Advisors generally assist Clients in designing portfolios with a long-term perspective, and periodically rebalance the portfolios to manage risk.

#### **Risk of Loss**

Clients should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss and clients should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments fluctuates due to market conditions and other factors. Past performance of Advisory accounts is not indicative of future performance.

Our personnel may recommend a wide array of investments. In general, each Program and/or Strategy covers a wide range of securities. As such, the types of risks that each Client will be exposed to will vary depending on the particular Program and Strategy in which the Client is enrolled, as well as the investments held in the Client's Advisory account, and such accounts will not necessarily be profitable. Past performance is not a guarantee of future results.

#### **Material Risks**

For the Strategies and Portfolios listed above, equities, ETFs, mutual funds, options and fixed income securities are the primary investments. Always read the prospectus or other offering documents for a full description of risks associated with the particular investment. Also, Clients are urged to consider all of the risks associated with the types of transactions and securities involved in the Portfolio or Strategy in which they are contemplating an investment, as listed below, as well as any potential impact that engaging in any of the below transactions may have on an account's overall performance. The following material risks may also be applicable to Advisory accounts in the Programs covered in this brochure:

**Management Style Risks:** Depending on the type of Advisory service provided, Financial Advisors may also recommend other investment advisers to manage Client assets and/or to provide the investment strategy used to manage the accounts. In general, we select Advisers and Research Sources based on, among other things, their management style and performance track record. However, an Adviser's past performance is not a guarantee of its future results; as such, its investment strategies may fail to produce the intended results. An Investment Manager may also determine to implement trades through Stifel that subject the Client account to additional costs, such as participation in syndicate offerings and other transactions. These additional costs may adversely affect account performance.

**Investment Company Securities Risks:** Our Financial Advisors may recommend an investment in mutual funds, 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 ETF's 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.

**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 tax status of such bonds. Municipal bonds may also have a call feature, entitling the issuer to redeem the bond prior to maturity. A callable security's duration, or sensitivity to interest rate changes, decreases when rates fall and increases when rates rise because issuers are likely to call the bond only if the rates are low. Investors in callable bonds are therefore subject to 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.

**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.

**Alternative Investments Risks:** Some Programs may invest in alternative investments. 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 those discussed in more detail above. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment strategy, the investment return may also vary as a result of fluctuations in the supply and demand of the underlying commodities. Real estate-related investments will be subject to risks generally related to real estate, including risks specific to geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others.

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

**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.

**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.

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

**Diversification Risk:** Certain Portfolios invest primarily in mutual funds and other Registered Funds that are managed by their affiliated companies. As a result, clients in these Strategies and Portfolios may not have access to as wide a variety of management styles as Clients in our other Strategies and Portfolios.

**Dependence on Key Personnel:** Some of the Portfolios covered in this brochure may rely heavily on certain key personnel. The departure of any such key personnel or their inability to fulfill their duties may adversely affect the ability of an applicable Portfolio to effectively implement its investment program and, as a result, adversely impact the performance of the Advisory accounts enrolled in such Portfolio.

## 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 (ticker: 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 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 (including as Research Source through its Washington Crossing Advisors unit), Stifel serves as clearing broker for all transactions in Client accounts, as well as custodian of all Client assets held at Stifel. Stifel also has a number of arrangements with our other Affiliated Advisers and broker-dealers applicable to Clients enrolled in the Programs covered in this Brochure. As set forth above, our Affiliate Adviser, Choice Financial Partners, Inc., provides the EquityCompass Strategies used in the Score, Unison and Spectrum Programs. Clients should note that our Financial Advisors may have an incentive to recommend Portfolios using Research Sources provided by an affiliate or 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 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, as a result of such affiliations, our Financial Advisors may develop close personal relationships with employees and associated persons of our Affiliated Advisers and, as a result, may have an incentive to recommend such Affiliated Advisers over unaffiliated ones.

Stifel pays Independent and Affiliated Advisers and Research Sources from the Advisory fees received from Clients. Our affiliates, Ziegler Capital Management, LLC (“Ziegler”), Choice Financial Partners, Inc., Thomas Weisel Capital Management LLC, 1919 Investment Counsel, and Sagewood 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 affiliated trust companies, Stifel Trust Company, N.A. and Stifel Trust Company Delaware, N.A., each provide personal trust services (including serving as trustee or co-trustee, or custodian) for individuals and organizations. From time to time, as trustee or co-trustee, these trust affiliates may open an Advisory account with us. In such cases, the fees charged by our trust 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 EquityCompass Quality Dividend Fund, Catalyst/EquityCompass Buyback Strategy Fund, Ziegler Strategic Income Fund, Ziegler Floating Rate 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 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. *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 our Affiliated Advisers.*

***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 issues 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”)*** – In connection with the insured bank deposit programs offered as cash sweep options for our Client accounts (discussed below in the Section titled “Cash Sweep Options”), our affiliate, SB&T is either the sole participating bank, or one of the participating banks (and typically the first bank), into which idle cash swept from eligible Client accounts may be swept. In addition, from time to time, Advisory Clients may also have a direct relationship with SB&T and hold other personal deposit and/or bank accounts at SB&T in which case, such Clients are solely responsible for any customary fees that are charged with respect to such deposit or other bank 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 commissions paid by the insurance companies issuing Client policies. Financial Advisors who sell insurance products in such

states typically are licensed as agents of the affiliate, and will receive a portion of the insurance commissions paid.

**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.

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

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

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

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. However, if the account is managed by an Independent Adviser who is directing the trade, we and/or Stifel may, as broker, trade from our inventory without having to obtain written Client consent for the transaction. In addition, except with respect to the Stifel Horizon Program, we do not permit Advisory accounts to participate in syndicated offerings where we or our firm or Stifel is a member of the underwriting syndicate or selling group. For the Horizon Program, participation is allowed only to the extent the Client has specifically consented to the transaction (typically, oral consent). Additionally, the Client will incur customary charges (including any applicable markup) with respect to the transactions. Additionally, the Client will incur customary charges (including any applicable markup) with respect to the transactions, separate and in addition to the wrap fee.

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 (including Stifel) have recommended the security to both Clients. Notwithstanding the foregoing, we will not seek to obtain Client consent in cases where, consistent with applicable laws, an Independent Adviser is directing the transaction and, therefore, our firm (or representatives) did not recommend or otherwise direct the trade.

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. In general, we do not share information relating to investments made for Client accounts. To the extent that associated persons obtain information relating to investments in Client or proprietary accounts, 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 our 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 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.

## 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

We typically self-execute transactions for Advisory accounts in the Programs covered in this brochure held in custody at Stifel. We may effect transactions through other broker-dealers when we believe, in our or their sole discretion, that such broker-dealer may provide better execution than would be the case if we executed the transaction. In such instances, applicable regulations generally require us to take into account and consider, when determining an execution venue for Client trades, the execution costs (if any) that participating Clients will incur in connection with the proposed trade as well as speed and certainty of execution, price and size improvement, and overall execution quality. *If additional execution costs are incurred, the Client will be responsible for such execution costs in addition to the Advisory Fee.*

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

special handling may be routed to a market center for execution via telephone or other electronic means. Stifel regularly monitors existing and potential execution venues and may route orders in exchange-listed or over-the-counter ("OTC") securities to other venues if it is believed that such routing is consistent with best execution principles. For equity securities, Stifel monitors the performance of competing market centers and generally routes orders to those that consistently complete transactions timely and at a reasonable cost and which normally execute at the national best bid or offer. Whenever possible, orders are routed to market centers that offer opportunities for price improvement through automated systems. Stifel executes load-waived mutual fund transactions on a fully disclosed basis through the National Securities Clearing Corporation ("NSCC"). Mutual fund transactions for Advisory accounts are executed through traditional omnibus vendors, or through clearing arrangements with other brokerage firms under so-called super-omnibus arrangements.

### Aggregation of Trades in Advisory Portfolios

To the extent possible and 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.

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

Clients in certain of the Programs covered in this brochure (i.e., Summit, Guidepost and Morningstar Program) generally select their own independent qualified custodian, who typically also acts as executing broker for transactions in the Client's account(s). Neither our firm nor our Financial Advisors provide advice or recommendations as to which third party custodian a client should use. Rather, each Client must make an independent

decision as to the specific independent custodian that will hold Client's assets. Clients that direct brokerage to a particular independent broker should note that we may be unable to achieve the 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 unaffiliated 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.

#### **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. 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 accounts held at Stifel. The use of leverage, or investing with borrowed funds, is generally not recommended in Advisory Programs; however, it may be approved on an exception basis when specifically requested by individual Clients, or for use in specialized strategies. Certain eligibility requirements must be met and documentation in the form of a separate margin agreement must be completed prior to using leverage in Advisory accounts. Only Clients can authorize the use of leverage in an Advisory account, 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, 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 OPTIONS

Stifel offers one or more sweep options for the available cash balances in Client accounts, depending on the type of account that a Client is establishing (i.e., retirement versus non-retirement). Clients should review the Sections "The Stifel Cash Investment Service," and "Disclosure Documents for Automatic Cash Investment or Sweep Fund Choices," of the brokerage account agreement and disclosure booklet (the "Brokerage Account Agreement") for the terms, conditions and other

important information relating to the applicable sweep options, including a discussion of the various conflicts that Stifel may have in connection with such options as well as how Stifel seeks to mitigate such conflicts. Clients may access the Brokerage Account Agreement, as amended from time to time, under the “Important Disclosures” section of [www.stifel.com](http://www.stifel.com), or may request a copy from their Financial Advisor.

## REVIEW OF ACCOUNTS

### Portfolio Performance

Clients generally receive quarterly analyses of their portfolio performance relative to comparable market indices. Performance information is verified by Stifel’s Consulting Services Operations staff by reviewing the performance results for consistency among similar Portfolios and identifying any unusual variations or inaccuracies. We 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.

### Performance Information

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

Stifel relies on publicly recorded information, use various vendor systems, and/or rely on valuations provided by third-party custodians holding assets and/or accounts that are part of a Client’s Advisory relationship in determining the values used in the performance reports that we provide to Clients. If Client accounts include privately issued alternative investments, Stifel rely on values provided by the management, administrators, and sponsors of each such investment and may, as a result of delays in getting information from such parties, use estimated values in reporting the performance of such investments. ***Stifel does not independently verify any such valuations.*** The actual value, once determined, may differ from the estimates previously provided by the third-party to Stifel and, therefore, used by Stifel in previous reports and calculations. Clients may, thus, not be able to realize the same value as shown for such assets upon a sale or redemption of the same. ***Each Client should also note that Stifel will not amend previously issued calculations or reports as a result of changes in the valuation figures provided by such third-parties.*** Clients may notice a difference in the ending market values displayed on the quarter-end custodial statements issued by our firm versus our performance reports for the same account. Performance reports generally include any income that is earned (accrued) but not yet posted to Client accounts. Custodial statements also include accrued income, but the calculation may not match the calculation used for performance reporting purposes. Clients should contact their Financial Advisors if they have any questions relating to figures shown on their performance reports.

With limited exceptions, we generally do not provide performance reports for accounts in the Summit or Guidepost Programs.

### Transaction Statements

Clients with discretionary accounts held at Stifel typically receive monthly (but in no event less than quarterly) statements that identify

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

### 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

Clients 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.

### 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 solicitation or referral arrangements comply with applicable regulatory requirements, including, but not limited to, disclosures to Clients about the referral arrangement as well as any fees received (or paid) in connection with such referral at the time of the referral or execution of the Client agreement. We have 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 all 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 Stifel) 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 investment advisers for Client referrals. 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. To the extent that such arrangements affect Clients’ Advisory accounts, the Financial Advisor’s brochure supplement generally will include a discussion of the applicable referral arrangements (if any).

#### **Other Compensation**

As set forth above under “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 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 s custodial services to our Clients by Stifel or other applicable affiliates.

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 **discretionary** investment advisory and/or portfolio management services may appoint Stifel, as our delegate, to vote proxies on their behalf. 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 and intended to maximize shareholder value. Stifel has retained a third-party proxy voting service to provide independent, objective research and voting recommendations, and to vote proxies on our behalf. In the event of a conflict between our firm’s and/or Stifel’s interests and the interests of our Clients, Stifel may decline to vote a proxy if the independent proxy voting service is unable to provide a voting recommendation and vote the securities on our behalf. In such cases, we 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 do not provide any form of assistance in the proxy voting process to, nor do we 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.

### **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 Century to the Plan**

As set forth above in the section titled “*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 investment management, trade execution and clearing, and/or custody services, as well as participant education and guidance.

***Discretionary Investment Management Services*** – Our Century Financial Advisors may provide discretionary ERISA fiduciary investment advisory services through the Vantage Program covered in this brochure. Each Plan Client should review the Vantage 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 the non-discretionary Fundamentals Program and the Horizon Program, both of which are detailed above. Non-discretionary investment advisory services are provided directly by your Financial Advisor. More detailed information about the Summit Program is provided in, and each Plan Client should review the sections above entitled “Advisory Programs Offered at Stifel”, and “Fees and Compensation.”

## **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 time of 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 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).