



**ADVISORY SERVICES –  
WRAP FEE PROGRAMS**

**SEC Number: 801-10746**

**DISCLOSURE BROCHURE**

**October 28, 2014**

This Brochure provides information about the qualifications and business practices of Stifel, Nicolaus & Company, Incorporated and the wrap fee programs that we offer. We also offer advisory consulting services and financial planning services, each of which is covered in a separate brochure. If you have any questions about the contents of this Brochure, please contact us at the address or telephone number provided below. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Stifel, Nicolaus & Company, Incorporated is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**MATERIAL CHANGES**

Since Stifel, Nicolaus & Company, Incorporated's last update in March 2014, the firm has experienced the following changes which may be considered material:

October 28, 2014

- On October 21, 2014, Stifel entered into an Acceptance, Waiver and Consent ("AWC") with the Financial Industry Regulatory Authority ("FINRA"), and agreed to a censure and a fine of \$32,500 to settle allegations that the firm failed to (i) take certain actions and/or disclose certain information to FINRA or its clients relating to orders in reportable securities and (ii) maintain a supervisory system designed to achieve compliance with respect to the related laws and regulations of FINRA. On September 25, 2014, Stifel entered into an Acceptance, Waiver and Consent with The NASDAQ Stock Market LLC, and agreed to a censure and to pay a fine of \$12,500 to settle allegations that the firm violated Rule 604 of Regulations NMS for failing to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotations. On September 22, 2014, Stifel entered into an Acceptance, Waiver and Consent with FINRA, and agreed to a censure and fine of \$300,000 to settle allegations that the firm failed to have an adequately designed anti-money laundering program and a related supervisory system that would have detected suspicious activity in low priced securities during a time when the firm sold at least \$2.5 billion in low priced securities. Additional information about each of these matters is provided under the section "Additional Information – Disciplinary Information," starting on page 19 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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## EXECUTIVE SUMMARY

### About Stifel, Nicolaus & Company, Incorporated

Stifel, Nicolaus & Company, Incorporated (“Stifel”) is a leading full-service brokerage, investment advisory (“Advisory”), and investment banking firm, serving investment and capital needs of individual, corporate, institutional, and municipal clients. Stifel 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”). Stifel is a registered investment adviser with the SEC; however, this does not imply a certain level of skill or training. Information about our qualifications, business practices, portfolio management techniques, and affiliates is accessible via publicly available filings with the Securities and Exchange Commission (“SEC”) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and in this Brochure, which is provided free of charge before or at the time we enter into an advisory agreement with you and annually thereafter.

### Services We Provide

Stifel is registered with the SEC as a broker-dealer and investment adviser offering both brokerage and Advisory services, respectively. For more information about our brokerage business, please refer to the Brokerage Practices section of this Brochure. ***It is important to understand that brokerage services are separate and distinct from Advisory services, and that each is governed by different laws and separate contracts with clients. While there are similarities among brokerage and Advisory services, the 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.*** We may, directly or through an affiliate, act as a general partner to investment partnerships. These investment partnerships may be offered to brokerage clients, some of whom may also be Advisory clients. Solicitation activities for investment partnerships are typically made via an offering circular or prospectus and may only be made to clients for whom the partnership interests are deemed suitable. To the extent that an Advisory client invests in an investment partnership in which our firm or an affiliate acts as general partner, the related partnership interests may not be held in Advisory accounts unless specifically agreed-upon with the Client, in which case Stifel will charge a fee that is separate and in addition to any fees charged by the underlying funds held in the account.

## ADVISORY BUSINESS

### About our Investment Adviser

Stifel has been a registered investment adviser with the SEC since May, 7, 1975. Our firm is owned by Stifel Financial Corp., a publicly held company. Our Advisory services include discretionary account and/or portfolio management, non-discretionary investment advice, financial planning services, and assistance with the selection of securities and third party investment advisers. Such advisers may include firms that are independent of our firm (“Independent Advisers”) as well as firms that are owned by Stifel Financial Corp. (“Affiliated Advisers”). Our firm enters 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, both that are exchange-listed and over-the-counter. We may also invest Client assets in rights and warrants, securities, options, certificates of deposit, variable annuities, variable life insurance, open and closed-end funds, exchange-traded funds (“ETFs”), unit investment trusts (“UITs”), real estate investment trusts (“REITs”), American Depositary Receipts (“ADRs”), foreign ordinary shares, and publicly traded master limited partnerships and other securities. Subject to review for reasonableness, Clients may impose restrictions on investing in certain securities or types of securities. More information regarding any securities and/or services offered is available upon request. Information about our consulting services is contained herein.

### Our Responsibilities as an Investment Adviser

As an investment adviser, we are held to the legal standards of the Investment Advisers Act of 1940 and state laws, where applicable. Such standards include, but are not limited to, fair and equal treatment of Clients, full disclosure of material and potential conflicts of interest, full disclosure of any and all compensation received from Clients or third parties as a result of our fiduciary relationships with Clients, Client consent prior to engaging in transactions for our own account when dealing with Clients in an Advisory capacity, reasonable basis for believing that our investment recommendations are suitable and consistent with Client’s objectives and goals, including any restrictions placed on the account, and reasonable belief that we are acting in the best interest of Clients. Additional information about our fiduciary obligations, including the policies and procedures that we undertake to fulfill those obligations, is available throughout this Brochure, including under Participation or Interest in Client Transactions section of this Brochure.

### Assets under Management

As of December 31, 2013, we managed Client assets worth \$17,815,049,212 on a discretionary basis, and \$8,973,009,885 on a non-discretionary basis. We also advised clients with respect to an additional \$2,683,338,427 managed by unaffiliated investment advisers.

## SERVICES, FEES, AND COMPENSATION

We offer a number of different wrap (“managed”) programs (each, a “Program” and collectively, the “Programs”) as well as, where applicable, different portfolios within each Program (each, a “Portfolio” and collectively, the “Portfolios”) as set forth below:

## STIFEL SCORE PROGRAM

### About Stifel Score Program

Our Score Program (“Score”) offers Stifel-managed model Portfolios based on research from internal teams and/or third-

party resources (“Research Sources”), some of which may be are Affiliated Advisers. In general, the Research Sources provide us a model portfolio (and/or changes to the same), and we implement the model and/or the model changes. We generally strive to implement a Research Source’s instructions as provided; however, there may be times when we are unable to wholly implement a Research Source’s instructions for various reasons (such as when the Research Source recommends a security that is subject to a firm-level restriction on trading). We (not the third-party Research Source) retain investment discretion with respect to all accounts enrolled in the Score Program. We compensate Research Sources from the Advisory fees paid by Clients.

### **Selecting Research Portfolios**

Our Financial Advisors will assist Clients in selecting an appropriate Portfolio based on each Client’s investments objectives, goals and risk tolerance. Research Sources used under the Score Program include Washington Crossing Advisors (“Washington Crossing”), Strategies, Russell Investments (“Russell”), and Laffer Investments (“Laffer”), each of whom offers the Portfolios listed below:

*Washington Crossing* is a **proprietary Stifel Advisory unit** that uses quantitative and fundamental analysis to research asset value. The portfolio managers for the Washington Crossing strategies are Kevin Caron and Chad Morganlander, each of whom also is a Stifel Financial Advisor. As Financial Advisors, these individuals may receive compensation for both recommending and/or managing Washington Crossing Portfolios to specific Clients, and for other ongoing services provided to the accounts enrolled in the Washington Crossing strategies. Washington Crossing Portfolios available through Score include:

#### ***Conquest Portfolios***

These Portfolios seek to add value by actively allocating assets among U.S. equities, bonds, commodities, and foreign assets using ETFs and inverse ETFs. The approach is intended to reduce overall risk exposure to individual issuers through diversification, to improve liquidity through the use of highly marketable ETFs, and maintain a portfolio of many asset classes throughout various market conditions. These Portfolios pursue additional returns by tilting portfolio weights to assets expected to outperform in the coming months while reducing exposure to assets expected to underperform. This process is commonly referred to as tactical asset allocation. This strategy is appropriate for investors who have conservative, tax-exempt conservative, balanced, tax-exempt balanced, moderate growth, tax-exempt moderate growth, and aggressive growth objectives. Clients may select the traditional Conquest Portfolios, or the Conquest – Sector Enhanced Portfolios in which the equity portion of the Portfolio may be focused on one or more of the Standard & Poor’s® industry sectors.

#### ***Victory Portfolios***

This Portfolio seeks to invest primarily in equity securities of domestic companies deemed growing, profitable, and well-capitalized. A proprietary screening and evaluation process attempts to identify companies with positive after-tax, free cash flow, high rates of return on capital, improvements in revenue growth, and margin expansion. The Portfolio is a long-only, non-leveraged strategy that uses cash as a hedge against market and company-specific risk. The minimum initial investment is \$50,000.

#### ***Blue Chip Rising Dividend Portfolios***

This Portfolio seeks to access blue-chip companies with rising dividends at attractive valuations. The Portfolio favors companies with strong balance sheets and consistent earnings who are capable of sustained growth of shareholder capital. The Portfolio will hold approximately 40 stocks and will be invested across multiple economic

sectors. This strategy is appropriate for investors who have a moderate growth objective. Minimum initial investment is \$50,000.

#### ***Laddered Bond Portfolios***

This Portfolio seeks to provide a stream of income with preservation of capital. Bonds are actively chosen and monitored based upon fundamental evaluation of balance sheet quality, trends in cash flow, interest coverage, and liquidity. Laddered Portfolio extends out ten years with approximately 10% of the Portfolio invested in each year. As bonds mature, proceeds are utilized to extend the ladder to ten years. Systematic withdrawals are generally not allowed in the Laddered Bond Portfolio. The minimum initial investment is \$300,000.

#### ***Dynamic Strategies Portfolios***

The Dynamic Strategies Portfolios are managed using a low-turnover approach, and invest in a broadly diversified global manner, primarily through ETFs and mutual funds, to gain exposure to multiple asset classes, including domestic and foreign equities, fixed income (both corporate and government debt), and alternative investments (including commodities, REITs, currencies, and other hedged investments). Clients may select between the Strategic or Active Portfolios.

**Strategic Portfolios** – These Portfolios generally are appropriate for clients seeking passive risk management with low portfolio turnover, and generally offer greater tax efficiency than the Active Portfolios. The minimum investment amount for the Passive Portfolios is typically \$50,000.

**Active Portfolios** – The Active Portfolios are managed with greater flexibility to respond to fundamental changes in the markets and/or the economy. The portfolio managers make tactical decisions in their efforts to anticipate and address economic trends. Volatility reduction and risk budgeting also play important roles in the investment process. Capital allocations may be adjusted as a result, or in anticipation, of changes in market conditions. These Portfolios are appropriate for clients with large investment portfolios who are seeking more active risk management, and are willing to accept higher portfolio turnover relative to the Strategic Portfolios described above. The minimum investment amount for the Active Portfolios is typically \$100,000.

*EquityCompass* is a research and Advisory unit of Choice Financial Partners, Inc., a **wholly owned subsidiary and Affiliated Adviser of Stifel Financial Corp.** Led by Chief Investment Officer Richard Cripps, CFA, EquityCompass utilizes quantitative analysis of company fundamentals and market expectations of approximately 3,000 stocks to rate stocks in terms of quality, risk/reward potential, and timeliness. Quality is measured by comparing companies to sector peers in terms of revenue growth, margin improvement, change in debt levels and share count, and dividend policy. Risk/reward potential is measured by analyzing price momentum and valuations (price relative to expectations for forward operating metrics such as earnings, cash flow, and sales) relative to their universe of stocks. Stocks with low (high) relative valuations and positive (negative) momentum are viewed as having high performance potential (risk). The timeliness model compares relative valuations to 12-month averages to identify stocks with potentially favorable entry points. EquityCompass Portfolios perform screens for minimum price and trading volume requirements, and eliminate stocks with

high performance risk. EquityCompass Portfolios available through Score include:

#### ***Select Quality Portfolio***

This Portfolio seeks to invest in stocks that are above-average in quality and favorable in terms of timeliness. This Portfolio is diversified across the 10 Standard & Poor's defined sectors and is reviewed on an ongoing basis to optimize exposure to stock selection criteria. The minimum initial investment is \$50,000.

#### ***Quality Dividend Portfolio***

This Portfolio seeks to invest in stocks that are above-average in quality and favorable in terms of timeliness, have high dividend yield, and are subject to sector and industry constraints. Stock selections may be concentrated in a particular sector. The Portfolio is reviewed on an ongoing basis to optimize exposure to stock selection criteria. Stock positions are removed based upon a sharp deterioration in quality, dividend cuts, or becoming less favorable in quantitative models. The minimum initial investment is \$50,000.

#### ***Research Opportunity Portfolio***

This Portfolio utilizes quantitative analysis as well as fundamental analysis from Stifel Research. The strategy selects 20 Stifel buy-rated stocks that are favorable in terms of timeliness. The Portfolio is reviewed monthly to optimize exposure to stock selection criteria. Stocks are removed based upon a Stifel downgrade to sell, or becoming less favorable in quantitative models. This Portfolio is expected to have a high level of turnover. The minimum initial investment is \$50,000.

#### ***Socially Responsible Select Quality Portfolio***

This Portfolio seeks to invest in stocks that are above average in quality and favorable in terms of timeliness. The Portfolio is diversified across the 10 Standard & Poor's defined sectors. Additional screens are run on this universe of securities to exclude companies that have operations in areas that may be deemed socially unacceptable. These areas include, but are not limited to: adult entertainment, alcohol, animal testing, board composition, contraceptives/abortifacients, environment, firearms for the non-military market, gambling, stem cell research, tobacco, or any company that is not covered by Institutional Shareholder Services (ISS). ISS software is utilized to conduct the screening of companies for this Portfolio. The minimum initial investment is \$50,000.

#### ***Tactical Core Equity Portfolio***

This Portfolio is a multi-asset class portfolio seeking to invest in U.S. equity securities, ETFs, and inverse ETFs, all of which may track various U.S. and international equity markets. The strategy may also invest in other exchange traded vehicles that offer beneficial diversification. Within its U.S. equity allocation, the strategy seeks to invest in stocks spanning across all style (Value/Growth) and size (Small-Mid-Large) classifications. The strategy will also engage in a tactical hedging strategy using ETFs with the objective of reducing excessive portfolio volatility during periods of heightened economic and market uncertainty. This Portfolio is best suited for investors who have a moderately aggressive risk tolerance and 5+ year investment horizon. The minimum initial investment is \$100,000.

#### ***Tactical Total Core Portfolio***

This Portfolio is a multi-asset class portfolio seeking to invest in U.S. equity securities, ETFs, and inverse ETFs, all of which may track various U.S. fixed income and international equity markets. The strategy may also invest in other exchange traded vehicles that offer beneficial diversification. Within its U.S. equity allocation, the strategy seeks to invest in stocks spanning across all style (Value/Growth) and size (Small-Mid-Large) classifications. The strategy will also engage

in a tactical hedging strategy by the use of ETFs with the objective of reducing excessive portfolio volatility during periods of heightened economic and market uncertainty. This Portfolio is best suited for investors who have a moderately aggressive risk tolerance and 5+ year investment horizon. A tax-free version of this Portfolio is available. The minimum initial investment is \$150,000.

*Russell Investments* has been providing high-quality, unbiased consulting and advisory services to clients on a global basis since its inception in 1936. With nearly \$200 billion in assets under management and oversight responsibility for more than \$2 trillion, Russell is one of the world's largest advisory firms. Russell Investments Portfolios available through Score include:

#### ***Russell Model Strategy Portfolios***

These Portfolios utilize mutual funds constructed by Russell and consist of more than 10 Portfolios that range from conservative (predominantly fixed income) to aggressive (all equity Portfolios). All Portfolios are invested in Russell mutual funds that have various investment goals and objectives. Russell selects sub-advisors for each of their mutual funds based upon their own due diligence. The minimum initial investment is \$50,000.

#### ***Russell Enhanced Asset Allocation Model Strategy Portfolios***

These Portfolios utilize mutual funds constructed by Russell and represent Enhanced Asset Allocation version of their Balanced and Growth Model Strategy Portfolios. These Portfolios are invested in Russell mutual funds that have various investment goals and objectives. Russell selects sub-advisors for each of their mutual funds based upon their own due diligence. Based on their asset allocation research, Russell may tactically allocate these Portfolios to over/underweight particular asset classes. The minimum initial investment is \$50,000.

*Laffer Investments* was founded by Dr. Arthur B. Laffer, who is noted for being "The Father of Supply-Side Economics," and who served on President Ronald Reagan's Economic Policy Advisory Board from 1981 through 1989. Dr. Laffer created the Laffer Curve, which illustrates the incentive/behavior relationship between tax rates and tax revenues. Laffer is the investment management affiliate of Laffer Associates, an institutional economic investment research organization that provides research and consulting services to institutional Clients around the world. Laffer Associates, founded in 1979, is the practical extension of Dr. Laffer's academic research focusing on the relationships between economics and investments. Laffer Portfolios available through Score include:

#### ***Global ETF Portfolio***

This Portfolio generally consists of 8 equally weighted country-specific ETFs that are recommended by Laffer. Selection of each country-specific ETF is based upon Laffer's global competitiveness ranking system which determines which countries are best positioned for growth in the year ahead. The ranking system incorporates variables such as exchange rates, changes to tax rates for dividend, individuals, and corporations. The top 8 countries based on this ranking system are placed in a portfolio and equally weighted. The Portfolio may allocate up to 25% in emerging market countries. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than

investing in more developed countries. The minimum initial investment is \$50,000.

### General Fee Information

Advisory fees for the Score Program are due quarterly in advance. The initial fee is due in full on the account opening date and is based on the account's opening market value. 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 quarterly 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. The maximum allowable fee schedule for the Score Program is as follows (the fees may be discounted in Stifel's sole discretion):

#### Equity Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.75%
\$500,000 – \$ 999,999	2.25%
\$1,000,000 – \$1,999,999	2.00%
\$2,000,000 – \$2,999,999	1.75%
\$3,000,000 – \$3,999,999	1.50%
\$4,000,000 +	Negotiable

#### Mutual Fund and ETF Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.25%
\$500,000 – \$ 999,999	1.50%
\$1,000,000 – \$1,999,999	1.25%
\$2,000,000 – \$2,999,999	1.15%
\$3,000,000 – \$3,999,999	1.10%
\$4,000,000 +	Negotiable

#### Fixed Income Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	2.00%
\$150,000 – \$ 499,999	1.75%
\$500,000 – \$ 999,999	1.50%
\$1,000,000 – \$1,999,999	1.25%
\$2,000,000 – \$2,999,999	1.00%
\$3,000,000 – \$3,999,999	0.85%
\$4,000,000 +	Negotiable

#### Russell Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	1.75%
\$150,000 – \$ 499,999	1.50%
\$500,000 – \$ 999,999	1.25%
\$1,000,000 – \$1,999,999	1.00%
\$2,000,000 – \$2,999,999	0.75%
\$3,000,000 – \$3,999,999	0.70%
\$4,000,000 +	Negotiable

#### Fees Paid to Research Sources

We pay a portion of the fee set forth above to the Research Source for the applicable Strategy, in the range 0.20% to 0.50%.

their Clients, including, but not limited to, prior approval by the Branch Manager and the Consulting Services Review Committee.

Each Solutions Manager will assist the Client in establishing the Client's investment objectives and goals, determining the appropriate asset allocation and, thereafter, determining the appropriate strategy to be used by the Solutions Manager in managing the account. Each Solutions Manager's strategies will differ, and a Solutions Manager may have one or more strategies to use in managing Client accounts. Important issues and valuation measures that Solutions Managers may consider when selecting specific equity securities for Solutions Client 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, Solutions Managers determine the appropriate type of security (government, corporate, or municipal) and the appropriate maturity and diversification for Client accounts. Each Client is encouraged to discuss and review with the applicable Solutions Manager how the account will be managed, as well as the specific risks applicable to the Client's Solutions account. The minimum initial investment for Solutions accounts is \$100,000, which may be waived in Stifel's sole discretion.

### General Fee Information

Advisory fees for the Solutions Program are due quarterly in advance. The initial fee is due in full on the opening date and is based on the account's opening market value. 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 quarterly fee is based on the account's closing market value as of the last business day of the previous calendar quarter. The fee is due on the business day following the assessment day. The maximum allowable fee schedule for the Solutions Program is as follows:

#### Equity Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.80%
\$500,000 – \$ 999,999	2.70%
\$1,000,000 – \$1,999,999	2.60%
\$2,000,000 – \$2,999,999	2.50%
\$3,000,000 – \$3,999,999	2.00%
\$4,000,000 +	Negotiable

#### Mutual Fund and ETF Portfolios

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.80%
\$500,000 – \$ 999,999	2.70%
\$1,000,000 – \$1,999,999	2.60%
\$2,000,000 – \$2,999,999	2.50%
\$3,000,000 – \$3,999,999	2.00%
\$4,000,000 +	Negotiable

The fees above may be discounted in Stifel's sole discretion. Clients may negotiate lower fees with their Financial Advisor. Because Solutions Accounts are internally managed by Stifel Solutions Managers, no portion of the fee is paid to any third-party Adviser. Rather, the fee is split between Stifel and the Solutions Manager managing the account in accordance with the applicable payout rate for the Solutions Manager (see below

## STIFEL SOLUTIONS PROGRAM

### About Stifel Solutions Program

Our Solutions Program ("Solutions") offers discretionary portfolio management by specific Stifel Financial Advisors (in that capacity, "Solutions Managers"). We require our Solutions Managers to meet certain criteria before they are permitted to offer the Solutions Program to

under the section “Additional Information on Fees and Compensation – Compensation to Financial Advisors”). As such, Clients should note that a Solutions Manager may have an incentive to recommend his/her own Solutions portfolio over other portfolios managed by third-party Advisers as a way to retain a larger portion of the account fee.

## STIFEL OPPORTUNITY PROGRAM

### About Stifel Opportunity Program

Under our Opportunity Program, we offer Clients access to various Independent and Affiliated Adviser strategies (each, a “Strategy” and collectively, “Strategies”). This Program offers a comprehensive and structured approach to guide Clients through the investment planning and portfolio management process. This process typically consists of establishing the Client’s investment objectives for the account, determining the appropriate asset allocation, and selecting one or more Independent or Affiliated Adviser Strategies best suited to achieving Client’s investment objectives. Each Client should carefully review each proposed Adviser’s Strategy to understand how the Client’s account will be invested, as well as the risks related to each such Strategy.

We have entered into a master agreement (or sub-advisory agreement) with each applicable third-party Adviser pursuant to which the Adviser makes its Strategies available to our Clients. Depending on our arrangement with the third-party Adviser providing the Strategy, a Strategy may be traded directly by its manager (in such case, a “Manager-Traded Strategy”), or we may retain trading responsibility over accounts in the Strategy and, therefore, will implement the third-party Adviser’s recommendations directly (in such case, a “Model-Based Trading (MBT)” Strategy).

**Manager-Traded Strategies.** The third-party Adviser for a Manager-Traded Strategy assumes full discretionary portfolio management responsibilities over each Client account invested in the Strategy (in that capacity, an “Investment Manager”). Each Investment Manager is responsible for determining the securities to be bought or sold for the Strategy, and for directly implementing those decisions for the accounts invested in the Strategy, as well as all other aspects of portfolio management for the accounts. An Investment Manager may implement its trade decisions through Stifel in its capacity as a broker-dealer, or may implement trades through other broker-dealers if the Investment Manager determines that such other broker-dealer is providing best execution in light of all applicable circumstances.

Our fees set forth below cover our advisory services, the Investment Manager’s portfolio management services, as well as our brokerage, execution, custodial, and other services as set forth in the applicable Opportunity Client agreement. However, the fees **do not** include, and Client will be separately responsible for, any brokerage commissions or other charges by third-party broker-dealers through which an Investment Manager may determine to execute trades for Client accounts. Clients also will be responsible for any third-party financial institution fees incurred by the Investment Manager or by Stifel in connection with transactions directed by the Investment Manager (including, but not limited to, transactions in foreign securities).

**MBT Strategies.** Alternatively, we may enter into a Model-Based Trading arrangement under which certain third-party Advisers provide us their trading models for each applicable Strategy, and we (not the Adviser) are responsible for implementing the third-party Adviser’s recommendations for the Client accounts invested in the Strategy. We generally self-execute all MBT Strategies and we (not the Model Adviser) are deemed to have discretionary authority over the Client accounts in the Strategy.

**Minimum Investment – Manager-Traded Strategies:** The minimum initial investment for accounts in Manager-Traded Strategies generally starts at \$100,000. However, certain Investment Managers may require different account minimums.

**Minimum Investment – MBT Strategies:** The minimum initial investment for accounts in MBT Strategies generally starts at \$100,000.

### General Fee Information

Advisory fees for Opportunity Program accounts are due quarterly in advance. The initial fee is due in full on the opening date and is based on the account’s opening market value. The period for which the fee relates is the opening date through the last day of the current calendar quarter and 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. The maximum allowable fee schedule for the Opportunity Program is as follows (the fees may be discounted in our sole discretion):

### Equity and Balanced Strategies

Account Value	Annual Fee
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.75%
\$500,000 – \$ 999,999	2.25%
\$1,000,000 – \$1,999,999	2.00%
\$2,000,000 – \$2,999,999	1.75%
\$3,000,000 – \$3,999,999	1.50%
\$4,000,000 +	Negotiable

### Fixed Income Strategies

Account Value	Annual Fee
First – \$ 149,999	2.00%
\$150,000 – \$ 499,999	1.75%
\$500,000 – \$ 999,999	1.50%
\$1,000,000 – \$1,999,999	1.25%
\$2,000,000 – \$2,999,999	1.00%
\$3,000,000 – \$3,999,999	0.85%
\$4,000,000 +	Negotiable

### Adviser/Investment Manager Compensation:

Stifel pays a portion of the fee received with respect to each Opportunity Client account to the third-party Adviser providing or managing the applicable Strategy. The third-party Adviser’s fees in this regard generally range from 0.30% to 1.00% for Manager-Traded Strategies and 0.20% to 0.40% for MBT Strategies.

## STIFEL HORIZON PROGRAM

### About Stifel Horizon Program

Under the Horizon Program (“Horizon”), our Financial Advisors offer non-discretionary investment advice as to the appropriateness of individual investments including, but not limited to, stocks, bonds, mutual funds, UITs, ETFs, closed-end funds, options, and alternative investments, in each case based on the Client’s circumstances. If applicable, advice may be provided to qualified retirement plan sponsors and/or trustees with regard to investment-related issues specific to plans covered by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Clients are ultimately responsible for determining whether or not to implement a Financial Advisor’s recommendations for the account. The minimum initial investment for a Horizon account is \$50,000 with house-holding exceptions.



From time to time, depending on the Client's investment objectives, a Financial Advisor may recommend and/or assist a Client in selecting an independent third-party investment manager to manage a portion of a Client's account. In such cases, the Client (not Stifel) is responsible for setting up the portfolio manager relationship, including executing an investment advisory agreement with such third-party manager. The Client shall also be responsible for the advisory fee charged by such third-party manager, as well as any transactional or custodial fees incurred in connection with the portion managed by the third-party manager. If agreed-upon by the parties, a Financial Advisor may periodically monitor the third-party manager's performance and/or adherence to the Client's stated goals and objectives for the account.

#### General Fee Information

The minimum annual fee is \$1,500. The fee charged is an annual percentage of the total value of investments on which advice is provided, not to exceed 3%. Accounts in the same household may be aggregated for purposes of determining the fee calculation. Accounts in the same household are aggregated for determining the number of trades. The fee permits Clients to place 150 annual trades. Within the 150 trade limitation, surcharges apply on equity trades of 20,000 shares or more and option trades of 50 contracts or more. Accounts with trades in excess of 150 per year will be assessed a surcharge of \$29.99 per trade, with an additional surcharge for equity trades over 1,000 shares and all option trades. The initial fee is based on the previous day's closing market value of the eligible assets. To value the assets, we rely on publicly recorded information believed to be reliable but which cannot be guaranteed. If prices are unavailable, we determine prices in good faith to reflect an understanding of the assets' fair market value. Advisory fees for Horizon Program accounts are due quarterly in advance. The period for which the fee relates is the opening date through the last day of the current calendar quarter and 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 following the assessment day. The maximum allowable fee schedule for the Horizon Program is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.25%
\$500,000 – \$ 999,999	1.75%
\$1,000,000 – \$1,999,999	1.50%
\$2,000,000 – \$2,999,999	1.25%
\$3,000,000 – \$3,999,999	1.00%
\$4,000,000 +	Negotiable

The fees above may be discounted in our sole discretion. The Horizon fee does not cover any trades executed in Client accounts where Stifel is a member of the selling syndicate for the security ("syndicate trades"). Syndicate trades are executed solely in our firm's capacity as a broker-dealer and not as a registered investment adviser, even where such trades are executed in an advisory account. Syndicate trades are executed as non-discretionary trades, and as such, the Client is ultimately responsible for determining whether to implement the trade. In considering whether to authorize a syndicate trade, clients should be aware of the conflicts of interest that our firm and the Financial Advisor face in connection with the transaction. **As a non-advisory transaction, neither Stifel nor the Financial Advisor is acting in a fiduciary capacity when recommending a syndicate trade.** As a selling firm, we have an interest in selling as many shares as are available in its inventory for the offering. Syndicate trades include a markup or other selling concession that is paid to the Financial Advisor for the account; therefore the Financial Advisor also has an incentive to sell syndicated shares in order to receive his or her proportionate share of the selling concession on the trade. Clients should consider the related transaction costs and the

impact on the overall costs of holding the account. To mitigate these inherent risks, in addition to obtaining written or oral client consent for each transaction, we exclude the value of the securities underlying the trade from the billable Advisory assets of the Horizon account for a period of at least twelve months following the syndicate trade to the extent the securities continue to be held in the account. Clients should be aware that the overall cost of holding these securities in an advisory account beyond the first year will generally be higher than would have been applicable if the shares were held in a brokerage account.

### STIFEL FUNDAMENTALS PROGRAM

Under our Stifel Fundamentals Program ("Fundamentals"), Clients have access to either of discretionary or non-discretionary portfolio management with a focus on mutual funds and/or ETFs. This Program offers a comprehensive and structured approach to the investment planning and portfolio management process. This process typically consists of the Financial Advisor assisting the Client in establishing investment objectives for the account, determining an appropriate asset allocation, selecting appropriate mutual funds and/or ETFs, monitoring the account, and evaluating the performance of the mutual funds and ETFs selected.

#### Discretionary Fundamentals

Under a discretionary Fundamentals arrangement, Clients authorize Stifel to implement Client's personalized asset allocation strategies by investing available account assets in load-waived and no-load mutual funds and/or ETFs as selected by Traditional Products Research Group (discussed in more detail below). Clients may choose between models that utilize either mutual funds and/or ETFs. The portfolios listed below are available under the Discretionary Fundamentals Program, each with a minimum investment of \$25,000 or \$100,000 depending on the model selected:

**Aggressive Growth.** This portfolio seeks to invest in approximately 100% equity funds, and may be appropriate for investors with a long-term investment horizon in pursuit of above-average capital appreciation who are willing to assume a greater level of risk

**Moderately Aggressive.** This portfolio seeks to invest in approximately 80% equity funds and 20% fixed-income funds, and may be appropriate for investors with a long-term investment horizon who are seeking capital appreciation but also desire the risk-minimizing impact of fixed-income ownership.

**Municipal Moderately Aggressive.** This portfolio seeks to invest in approximately 80% equity and 20% fixed-income tax-exempt funds, and may be appropriate for investors seeking capital appreciation but also desire the risk-minimizing impact of fixed-income ownership.

**Moderately Conservative.** This portfolio seeks to invest in approximately 30% equity funds and 70% fixed-income funds, and may be appropriate for investors focused on above-average income generation from stock dividend and bond interest payments but also desire the potential for capital appreciation.

**Municipal Moderately Conservative.** This portfolio seeks to invest in approximately 30% equity funds and 70% fixed-income tax-exempt funds, and may be appropriate for investors focused on above-average income generation from stock dividend and

bond interest payments but also desire the potential for capital appreciation.

**Moderate.** This portfolio seeks to invest in approximately 50% equity funds and 50% fixed-income funds, and may be appropriate for investors seeking a balance between conservative capital appreciation and income generation from stock dividend and bond interest payments.

**Municipal Moderate.** This portfolio seeks to invest in approximately 50% equity funds and 50% fixed-income tax-exempt funds, and may be appropriate for investors seeking a balance between conservative capital appreciation and income generation from stock dividend and bond interest payments.

**Moderate Growth.** This portfolio seeks to invest in approximately 65% equity funds and 35% fixed-income funds, and may be appropriate for investors who primarily seek conservative capital appreciation but also desire income generation from stock dividend and bond interest payments.

**Municipal Moderate Growth.** This portfolio seeks to invest in approximately 65% equity funds and 35% fixed-income tax-exempt funds, and may be appropriate for investors who primarily seek conservative capital appreciation but also desire income generation from stock dividend and bond interest payments.

**Option of Traditional or Alternative Models.** Each portfolio listed above is available in a traditional model (that is, one that invests solely in traditional mutual funds and/or ETFs), or an alternative model that includes an allocation to non-traditional or alternative mutual funds and/or ETFs. Alternative models differ from traditional models in that they seek an absolute return and seek to manage risk and volatility by investing in traditional and non-traditional asset classes in a less constrained manner. An alternative model may be defined by how a manager invests (that is, use of alternative strategies), as well as what they invest in (such as, for example, investing in real estate or commodities). In general, alternative mutual funds and ETFs may employ a wide variety of investment techniques including (but not limited to) shorting of equities and credit and the use of derivatives or leverage.

**Management of the Discretionary Fundamentals Program.** Stifel's Traditional Products Research Group ("TPRG") selects funds from a large universe of mutual funds and ETFs. Many factors are considered in making the selections, including each fund's investment objectives, management styles, long-term performance records, risk levels, manager tenures, asset sizes, and annual expense ratios. TPRG reviews funds held in discretionary accounts on an ongoing basis, and discretionary accounts are adjusted when our firm no longer recommends a current portfolio holding. Clients may request in writing that certain specified mutual funds, ETFs, or certain categories of both, not be purchased in an account. In the event that mutual funds, ETFs, or categories of both are restricted, the portion of the account that would have been invested in such may be invested in cash equivalents or short-term fixed income instruments at our discretion. Investments in cash equivalents or short-term fixed income instruments pursuant to such restrictions may impact the performance of the account relative to an account that is fully invested in mutual funds and/or ETFs. Because mutual funds and ETFs are pooled investment vehicles, it is not possible for our firm to accommodate requests for restrictions on individual securities.

#### Non-Discretionary Fundamentals

With assistance from their Financial Advisors, Clients can implement their own personalized asset allocation strategies through the non-discretionary Fundamentals program by investing available account assets in load-waived and no-load mutual funds and/or ETFs from an

approved list of fund companies. The minimum initial investment is \$25,000.

#### General Fee Information

Advisory fees for Fundamental Program accounts are due quarterly in advance. The initial fee is due in full on the opening date and is based on the account's opening market value. The period for which the fee relates is the opening date through the last day of the current calendar quarter and 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. The maximum allowable fee schedule for the Fundamentals Program is as follows:

Account Value	Annual Fee
First – \$ 149,999	1.75%
\$150,000 – \$ 499,999	1.50%
\$500,000 – \$ 999,999	1.25%
\$1,000,000 – \$1,999,999	1.00%
\$2,000,000 – \$2,999,999	0.75%
\$3,000,000 – \$3,999,999	0.70%
\$4,000,000 +	Negotiable

The fees above may be discounted in our sole discretion. To the extent that a Client directs the purchase of securities other than mutual funds and/or ETFs in a Fundamentals account (non-fund trades), such non-fund trades may be implemented as non-advisory transactions that are subject to separate commissions. **As a non-advisory transaction, neither Stifel nor the Financial Advisor is acting in a fiduciary capacity when implementing and/or recommending such non-fund trades.** Securities purchased subject to a commission in a Fundamentals account will be excluded from the account value for Advisory billing purposes for a period of at least twelve months after purchase to the extent the securities continue to be held in the account. Clients should consider the related transaction costs and the impact on the overall costs of holding the account.

#### STIFEL UNISON PROGRAM

##### About Stifel Unison Program

The Stifel Unison Program ("Unison") offers discretionary portfolio management where multiple mutual funds, ETFs, and Advisers (acting as Investment Manager or providing MBT Strategies) may be allocated to a single account. Stifel acts as overlay manager with discretion to hire and terminate Advisers, buy and sell securities, adjust allocation, and re-balance Client accounts. In selecting Advisers, mutual funds, and/or ETFs for Unison accounts, we consider many factors, including each manager's investment objectives, management styles, long-term performance records, risk levels, manager tenures, asset sizes, and annual expense ratios. We review our choices on an ongoing basis and adjust accounts when a current portfolio holding is no longer recommended. We consider many factors in determining an appropriate diversified allocation model for each Client, including the Client account's inception value, whether it is taxable or non-taxable, as well as the Client's investment objectives and risk characteristics. The minimum initial investment is \$250,000.

##### General Fee Information

Advisory fees for Unison Program accounts are due quarterly in advance. The initial fee is due in full on the opening date and is based on the account's opening market value. 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 quarterly fee is based on the account's closing market value as of the last business day of the previous calendar quarter. The fee is due on the business day following the assessment day. The maximum allowable fee schedule for the Unison Program is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.75%
\$500,000 – \$ 999,999	2.25%
\$1,000,000 – \$1,999,999	2.00%
\$2,000,000 – \$2,999,999	1.75%
\$3,000,000 – \$3,999,999	1.50%
\$4,000,000 +	Negotiable

The fees above may be discounted in Stifel's sole discretion. Stifel pays a portion of the fee received with respect to each Unison Client account to the third-party Adviser providing or managing the Strategy used with respect to the applicable portion of the account assets. Fees paid to Independent and/or Affiliated Advisers in this regard generally range from 0.30% to 0.35%.

## STIFEL SPECTRUM PROGRAM

### About Stifel Spectrum Program

Our Stifel Spectrum Program ("Spectrum") offers discretionary portfolio management combining a strategic mutual fund allocation, tactical ETF strategy, and the EquityCompass Risk Manager in a single account. Clients choose between multiple mutual fund and tactical ETF portfolio combinations, depending on the Client's risk tolerance and investment objectives. A portion of the account is allocated to funds that are selected from a large universe of mutual funds and/or ETFs by TPRG, including (in applicable models) alternative mutual funds and/or ETFs. In selecting mutual funds and/or ETFs for Spectrum accounts, we consider many factors, including each fund's investment objectives, management styles, long-term performance records, risk levels, manager tenures, asset sizes, and annual expense ratios. We review our choices on an ongoing basis and adjust accounts when a current portfolio holding is no longer recommended. We consider many factors in determining an appropriate diversified allocation model for each Client, including the Client account's inception value, whether it is taxable or non-taxable, as well as the Client's investment objectives and risk characteristics. The minimum initial investment is \$50,000.

### General Fee Information

Advisory fees for Spectrum Program accounts are due quarterly in advance. The initial fee is due in full on the opening date and is based on the account's opening market value. The period for which the fee relates is the opening date through the last day of the current calendar quarter and 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. The maximum allowable fee schedule for the Spectrum Program is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 149,999	3.00%
\$150,000 – \$ 499,999	2.25%
\$500,000 – \$ 999,999	1.50%
\$1,000,000 – \$1,999,999	1.25%
\$2,000,000 – \$2,999,999	1.10%
\$3,000,000 – \$3,999,999	1.00%
\$4,000,000 +	Negotiable

The fees above may be discounted in Stifel's sole discretion. Stifel pays a portion of the fee received with respect to each Spectrum Client account to the third-party Adviser providing or managing the Strategy used with respect to the applicable portion of the account assets. Fees paid to Independent and/or Affiliated Advisers in this regard generally range from 0.30% to 0.35%.

## STIFEL INVESTMENT MANAGEMENT CONSULTING PROGRAM

### About Stifel Investment Management Consulting Program

This Program offers a comprehensive and structured approach to guide Clients through investment planning and portfolio management for one or more account, all covered under a single Investment Management Consulting ("IMC") Client Agreement. The IMC Program is available for Clients looking for bundled investment advisory, consulting, discretionary investment management, brokerage, custodial, and performance reporting services. The services provided generally include a review of the Client's investment objectives and goals, development of an appropriate personalized investment strategy, as well as ongoing due diligence and monitoring of investments. Accounts in the IMC Program may invest in a broad range of securities, including, but not limited to, equity, fixed income, warrants, commercial paper, municipal securities, mutual funds, ETFs, closed-end funds, private investment funds, and certain types of options contracts. At a Client's request, Financial Advisors may also provide investment consulting services on assets held at a custodian, other than Stifel. The minimum initial investment for IMC accounts generally is \$100,000, which minimum may be higher depending on the requirements of the particular portfolio manager managing the account.

### Discretionary IMC

Discretionary investment management services are provided using Independent and/or Affiliated Investment Managers. Clients may select Investment Managers from an approved list.

### Non-Discretionary IMC

Under this option, Clients receive personalized advice with respect to asset allocation strategies, including with regard to eligible securities, which may include stocks, bonds, load-waived and no-load mutual funds, ETFs, and options. Clients are responsible for implementing any advice provided.

### Reporting-Only Services

At a Client's request, Stifel may provide performance reporting services with respect to assets held outside of the IMC program (including assets held at other financial institutions).

### General Fee Information

#### Portfolio Fee

Under the IMC Agreement, we charge a Portfolio Fee that covers the cost of our services, including client profiling, asset allocation and investment policy statement work, performance reporting, and securities brokerage, which are detailed in the Agreement. The Portfolio Fee does not cover any *premium* that may be charged by certain Independent Investment Managers in order for such managers to provide discretionary investment management services to Clients under the IMC arrangement. The fees below may be discounted in Stifel's sole discretion:

### Discretionary IMC:

*Equity and Balanced Accounts – 1.95%*

#### *Fixed Income Accounts*

<u>Account Value</u>	<u>Annual Fee</u>
First \$1,000,000	0.85%
Next \$4,000,000	0.75%
Next \$5,000,000	0.65%
Balance	0.55%

#### *Affiliated Manager Fixed Income Accounts*

<u>Account Value</u>	<u>Annual Fee</u>
First \$1,000,000	0.55%
Next \$4,000,000	0.50%
Next \$5,000,000	0.45%
Balance	0.40%

Non-Discretionary IMC: 0.75%

With respect to non-discretionary Client accounts investing (or invested) in third-party private funds (hedge funds, private equity, etc), the fee set forth above generally will be discounted to the extent that Stifel receives placement, revenue share or similar fees from the applicable fund or its manager in respect of the Client's investment.

### **Premium Manager Fee**

In general, Investment Manager fees are included in the Portfolio Fees set forth above, and range from 0.28% to 0.65%, depending on the portfolio managed. However, from time to time, an Investment Manager may charge a *premium* in order to provide discretionary management services to Clients in the IMC. In such cases, Clients will be responsible for any premium charged, the amount of which will be disclosed to the Client prior to enrollment with the particular Investment Manager.

### **Reporting Only Fee**

Clients receiving reporting-only services will be charged the following fees:

<u>Non-Program Assets</u>	<u>Reporting Only Fee</u>
All Non-Program assets held way from Stifel	0.25%
Other Non-Program assets held at Stifel	N/C

## **SEI ASSET MANAGEMENT PROGRAM**

### **About SEI Asset Management Program**

This Program is not open to new accounts. Clients enrolled in the Program have access to discretionary portfolio management through the SEI Asset Management Program ("SEI"). Clients select an asset allocation model comprised of mutual funds managed by SEI Asset Management Corporation, an independent manager. Alternatively, Clients may invest in one or more SEI mutual funds on a non-discretionary basis. The Financial Advisor for the account assists the Client in determining investment objectives through an interview process, completing a questionnaire provided by SEI, and choosing an appropriate SEI mutual fund asset allocation model and, if preferred, automatic rebalancing. SEI utilizes multiple institutional managers as advisers to the SEI mutual funds. These managers are monitored by SEI to ensure that their investment styles remain consistent with the investment objective of the SEI funds. Rebalancing maintains the proper allocation to each asset class in a model. Rebalancing occurs automatically if the underlying SEI mutual funds deviate from the prescribed quarterly allocation by greater than a 2% variance for non-taxable accounts and a

3% variance for taxable accounts. SEI rebalances Client accounts monthly, and Clients will not incur charges on the rebalancing transactions. SEI Trust Company (a subsidiary of SEI Asset Management Corporation) acts as the transfer agent and custodian for each Client account. The minimum initial investment was \$150,000.

### **General Fee Information**

SEI Trust Company, subject to Client authorization, debits Client accounts for the fee and remits payment to Stifel on a quarterly basis. The initial fee is due in full on the opening date and is based on the account's opening market value. The period for which the fee relates is the opening date through the last day of the current calendar quarter and prorated accordingly. Thereafter, the fee is based on the account's closing market value as of the last business day of the previous calendar quarter. The fee is due on the business day following the assessment day. The maximum allowable fee schedule for this Program is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 399,999	3.00%
\$400,000 – \$ 499,999	2.50%
\$500,000 – \$ 999,999	2.00%
\$1,000,000 – \$1,999,999	1.75%
\$2,000,000 +	1.60%

## **SARATOGA ADVANTAGE TRUST PROGRAM**

### **About Saratoga Advantage Trust Program**

This Program is not open to new accounts. Clients enrolled in the Program have access to discretionary and non-discretionary portfolio management through the Saratoga Advantage Trust Program ("Saratoga"). Clients select an asset allocation model comprised of mutual funds from Saratoga Advantage Trust, an open-end investment company managed by Orbitex Saratoga Capital Management. This process typically consists of the Financial Advisor assisting the Client in establishing objectives and determining asset allocation using software provided by Saratoga. Financial Advisors provide recommendations necessary to achieve stated goals. The minimum initial investment was \$10,000 for non-qualified accounts and \$250 for qualified accounts.

### **General Fee Information**

Saratoga, subject to Client authorization, debits Client accounts for the fee and remits payment to Stifel on a quarterly basis. The initial fee is due in full on the opening date and is based on the account's opening market value. The period for which the fee relates is the opening date through the last day of the current calendar quarter and prorated accordingly. Thereafter, the fee is based on the account's closing market value as of the last business day of the previous calendar quarter. The fee is due on the business day following the assessment day. The maximum allowable fee schedule for this Program is as follows:

<u>Account Value</u>	<u>Annual Fee</u>
First – \$ 99,999	2.00%
\$100,000 – \$ 149,999	1.75%
\$150,000 – \$ 249,999	1.50%
\$250,000 – \$ 499,999	1.25%
\$500,000 – \$1,000,000	1.00%

## **STIFEL/COMERICA BANK & TRUST ALLIANCE**

Within the Stifel/Comerica Bank & Trust Alliance, trust administration and management of non-financial assets are the

responsibility of Comerica. As trustee, Comerica confers with trust beneficiaries to determine income needs. Comerica maintains custody of trust assets, settles all trades, prepares monthly statements, remits income, considers and makes decisions on distribution requests, and prepares tax returns. Comerica may also provide other services, such as bill paying and lifestyle planning. Stifel is responsible for the discretionary management of the financial assets of trust accounts in the Program. Independent and/or Affiliated Advisers may be selected through our Opportunity Program, or model Portfolios may be utilized through our Fundamentals or Score Programs. Financial Advisors work with Comerica and our Financial Planning Department to gather information about the general terms of the trusts, beneficiary needs, and existing asset holdings. Investment strategies are developed, which may include asset allocation and investment option recommendations. Comerica reviews final investment strategies and approves the selection of the third-party Adviser to be used within each trust. We monitor the performance and provide quarterly performance reports to beneficiaries. Trustee and investment management fees are determined as a percentage of the account and are typically bundled and charged as an all-inclusive fee (including trade execution and custodial services). However, clients may negotiate an arrangement where applicable fees are charged separately. In some instances, a trust may own assets that are not able to be managed within, or would be better suited if managed outside of, Stifel/Comerica Bank & Trust Alliance. When this occurs, those assets which we do not manage may be managed by Comerica Asset Management. Our firm may receive a portion of the fee collected by Comerica on assets managed by Comerica Asset Management, and Financial Advisors may receive a portion of the fee that our firm receives.

#### General Fee Information

Comerica's trust fees and Stifel's Advisory fees are due monthly according to the fee schedule below. Comerica debits the account for the entire fee and remits the Advisory fee, of which Financial Advisors may receive a portion, to Stifel. The maximum allowable fee schedule for this Program is as follows:

##### Annual Fees with Opportunity:

Assets	Stifel Fee	Comerica Fee	Total Fee
First \$500,000	0.95 – 1.55%	0.65%	1.60–2.20%
Next \$500,000	0.95 – 1.55%	0.57%	1.52–2.12%
Next \$4,000,000	0.85 – 1.55%	0.50%	1.35–2.04%
Balance of Assets	0.75 – 1.55%	0.30%	1.05–1.85%
Minimum Fee	\$4,750	\$3,000	\$7,750

##### Annual Fees with Fundamentals:

Assets	Stifel Fee	Comerica Fee	Total Fee
First \$500,000	0.50 – 1.55%	0.65%	1.15–2.20%
Next \$500,000	0.50 – 1.55%	0.57%	1.07–2.12%
Next \$4,000,000	0.40 – 1.55%	0.50%	0.90–2.05%
Balance of Assets	0.30 – 1.55%	0.30%	0.60–1.85%
Minimum Fee	\$2,500	\$3,000	\$5,500

### ADDITIONAL INFORMATION ON FEES AND COMPENSATION

#### How We Charge For Advisory Services

Please refer to each Program description for corresponding fee schedules. Fee schedules may be subject to negotiation depending on a range of factors, including, but not limited to, account size and overall range of services provided. Each Client should check with his or her Financial Advisor as to the negotiability of the account fees.

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 fund transfers that would increase applicable fees or otherwise result in increased charges. The total charges that Clients may pay in Advisory fees may be higher than the commissions that could have been charged for brokerage-only services. Clients should consider the value of Advisory services provided or to be provided when evaluating fees or the appropriateness of the fee-based account in general.** The combination of brokerage and Advisory services may not be available separately or may require multiple accounts and varying forms of payment. When selecting Programs, Clients should also consider the amount of anticipated trading activity in assessing the overall cost of the Program. The following payment options are available to Clients:

#### Automatic Debit

The Advisory fee is deducted from available cash or cash equivalents including money market funds in the Client's Advisory account on the billing date each quarter. Clients grant us discretionary authority to rebalance or liquidate securities in order to generate sufficient funds to cover the fee. Account statements reflect the fee payment amount.

#### Letter of Authorization

The Advisory fee is 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

Each Client receives an invoice on the billing date each quarter and agrees to remit the fee payment promptly. If the fee payment is not received, we reserve the right to automatically debit the Advisory account to collect the amount due. If the fee payment is debited from a qualified plan and funds are received thereafter, the receivable shall be considered a contribution.

#### Refund of Fees Upon Termination

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 after the initial 5 days but within the first quarter of services.

#### Brokerage Commissions

As a dual-registered firm, we execute all Client brokerage transactions, with limited exceptions. We generally do not charge separate brokerage commissions to Advisory Clients for services offered in this Brochure, unless as specifically disclosed to the affected Client. Most programs offered in this Brochure assume a normal amount of trading activity; some Programs may impose a limit on the maximum trades allowed in an account without imposing additional charges to cover the excess trading. The maximum trades, if any, are set forth under each Program description above, as well as in the applicable Client Agreement.

#### Other Fee Exclusions

In addition to separate commissions (or additional fees) for excessive trading, Advisory fees also do not include transaction costs imposed on trades executed through other brokers, 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, government taxes (foreign or domestic), or other charges, third-party administration fees, and other fees required by law and/or outside of Stifel's control. Advisory fees also do not include clearing or custodial services provided by other financial institutions (whether or not selected by the Client), including any fees charged by any financial institution in connection with transactions in foreign ordinary shares or similar securities if the transaction is directed by Client or a third-party Adviser serving as Investment Manager or Model Provider to the applicable Client accounts. Advisory fees also do not include "pass through fees" charged by third-parties with respect to any securities in a Client's portfolio. Pass-through-fees are typically charged in connection with American Depositary Receipts (ADRs) by the sponsors of such ADRs as custody-related expenses. Stifel will forward all pass-through-fees received from Clients with respect to ADRs or other applicable securities to the Depository Trust Company (or other applicable central securities depository). As set forth above, Advisory fees do not include commissions charged for syndicate trades effected in Horizon accounts. Prices at which securities are purchased in principal transactions from other dealers are computed by Stifel or the other dealer in the customary manner based on the prevailing inter-dealer market price. Each Client should consider the overall cost when selecting a Program or Portfolio.

#### **Insurance Commissions**

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

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

We remit a percentage ("Payout Rate") of the fees and, if applicable, commissions that we receive from Clients, after paying out applicable third-party Adviser fees, to our Financial Advisors. Payout Rates range from 25% to 50% and are determined by many factors, including the total revenue generated by each Financial Advisor. Under certain circumstances, including mergers and acquisitions, some Financial Advisors may be compensated differently. We reserve the right, in our sole discretion, and without prior notice, to change the method by which our Financial Advisors are compensated. As licensed securities salespersons ("Registered Representatives"), Financial Advisors may effect securities transactions for commissions, generally in connection with brokerage accounts. Most Financial Advisors are licensed to provide both brokerage and Advisory services. Financial Advisors may also be licensed as insurance agents and, as such, can effect insurance transactions for separate and customary commission compensation. ***Advisory accounts pay ongoing fees rather than transaction-specific commissions. Financial Advisors may, therefore, have an incentive to recommend Advisory accounts over brokerage accounts.*** In addition, the Payout Rate may differ depending on the Program in which a Client is enrolled and as a result of the different fee structures available, Financial Advisors may also have incentive to recommend certain Programs over others. As set forth above, we share a portion of the fee that we retain after paying applicable third-party Adviser or Research Source fees to the Financial Advisor(s) for the account. ***As a result, our Financial Advisors may have an incentive to recommend Advisory Programs where the fee is not shared with a third-party Adviser or a Research Source in order to receive a higher portion of the fee.*** Our firm and/or Financial Advisors may, from time to time, receive incentive awards from issuers of various investment products for recommending or introducing investment products to Clients. The receipt of this compensation may create an incentive to recommend investment products based on the compensation received rather than their Clients' needs. Clients have the option to purchase investment products that we recommend through brokers who are not affiliated with us.

#### **Mutual Fund Fees and Compensation**

Clients should consider all risks and charges prior to investing in any mutual fund. Clients who own mutual funds typically incur certain internal expenses charged directly by the mutual fund company. These expenses are separate and in addition to fees charged for our Advisory services. Internal expenses are described in each mutual fund prospectus. The prospectus contains important information about the mutual fund being offered and should be reviewed carefully before investing. Mutual funds are sold by prospectus only. Our firm or our affiliates may receive payments from mutual fund companies for selling the related mutual fund shares, providing custodial and other services to Clients holding such mutual fund shares, managing specific mutual funds and/or providing the investment model used by the fund's investment adviser to manage the fund. Stifel's direct compensation from mutual funds may include shareholder services or distribution fees addressed below under 12b-1 Compensation. Although paid directly by the mutual fund company, the compensation received is derived from fees that the Client pays to the mutual fund. The amount of compensation received will vary depending on our arrangement with the applicable mutual fund company. Each mutual fund's prospectus generally describes the amount of compensation to be paid for specified services provided to its shareholders. In general, the fund companies will continue to pay us for the duration of the Advisory agreements and, in some circumstances, may extend payments beyond the termination of the agreements if Clients continue to hold mutual fund shares through brokerage accounts held at Stifel. A listing of the types and ranges of compensation that we receive from various mutual fund companies is available at [www.stifel.com/disclosures/ERISA](http://www.stifel.com/disclosures/ERISA).

As set forth above, some of our affiliates also may serve as investment adviser and/or model providers to various funds, and will receive management fees (or a share thereof) from the fund or the funds' adviser. With limited exceptions, this will apply even in cases where the applicable fund is purchased in Stifel Advisory accounts (as thereby, subject to Stifel advisory fees).

#### **Networking Compensation**

Our firm receives networking fees in consideration for ancillary services provided in connection with mutual fund positions held through Stifel. These fees are generally paid from the assets of the fund, but in some cases may be subsidized in part by affiliates of mutual fund companies (such as the fund manager). The fees are generally calculated by applying the standard networking range of up to \$10 per fund account annually.

#### **12b-1 Compensation**

Mutual fund expenses may include 12b-1 distribution fees ("12b-1s") that may be paid from mutual companies to Financial Advisors via the firm as a conduit. This means that Financial Advisors may, from time to time, receive compensation in connection with the placement of Client funds into particular mutual funds. This compensation is in addition to and separate from fees paid by Clients for Advisory services. 12b-1s may be in excess of the amount that would qualify as "no-load." We receive 12b-1 compensation from non-affiliated mutual fund companies, which is intended to compensate us for effecting purchases of mutual fund shares or for other services ancillary thereto. The current rate of 12b-1 fees that we receive from mutual fund companies generally ranges from 0% to 0.25% annually.



### **Revenue Sharing Compensation**

In addition to sales loads, 12b-1s, and processing fees, we may receive other compensation (“Revenue Sharing”) from mutual fund distributors and/or private funds in which Client assets may be invested. Revenue Sharing with a particular mutual fund company is generally based on either the amount of sales or the value of assets Stifel Clients hold with the mutual fund company. Because Revenue Sharing is intended to compensate our firm for ancillary services in connection with effecting sales of mutual fund shares, we require that such payments be made directly from mutual fund distributors; not from mutual fund companies themselves. Revenue Sharing gives Stifel a financial incentive to recommend particular mutual funds to Clients. ***We generally receive Revenue Sharing in connection with mutual funds in Stifel accounts, excluding accounts that are held at other financial institutions. Revenue Sharing generally is not rebated to Clients (except with respect to accounts subject to ERISA) and is not paid to Financial Advisors. While not all mutual fund companies participate in Revenue Sharing 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 mutual fund assets held by Clients up to 0.25% on an annual basis, or a fixed dollar amount.*** Although we seek to apply a standard payment schedule, it is recognized that not all mutual fund companies approach Revenue Sharing the same way, and some mutual fund companies may decline to pay Revenue Sharing exactly at the levels listed above, or at all, which may present a financial disincentive for us to promote the sale of those mutual funds. This Revenue Sharing information is current as of the date of this Brochure and is subject to change at our discretion. Updated and current Revenue Sharing arrangements are available at [www.stifel.com/disclosures/ERISA](http://www.stifel.com/disclosures/ERISA).

To the extent that we have a Revenue Sharing arrangement with a private fund in which Client assets will be invested, the Client will typically receive, at or prior to the time the investment is made, disclosures relating to the Revenue Sharing fees that Stifel will receive in respect of the investment. Clients should consider such arrangements in determining whether to implement a Financial Advisor’s recommendations relating to private funds.

### **Interest and Similar Fees**

As set forth in more detail under the section “Cash Sweep Programs” below, we retain a portion of the fees that we receive from participating banks in our IBP Program. In addition, to the extent that a Client uses margin in connection with an Advisory account, we charge interest with respect to the amount borrowed by such Client through the margin arrangement. ***We do not reduce our fees by the value of any interest or similar payments that we receive from Clients in this regard.*** The portion that we retain with respect to the IBP Program is intended to reimburse for the costs that we incur in connection with such IBP Program. However, from time to time, we may retain more or less than the actual costs incurred. With respect to margin transactions, each Client that engages in such transactions should note that 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. 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.

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

Mutual fund companies may subsidize a portion of the cost of training and achievement seminars offered to Financial Advisors through specialized firm-wide programs and consulting training forums. These seminars are designed to provide education and training to Financial Advisors who regularly solicit Clients to participate in a particular mutual fund platform. The subsidies may vary among mutual fund companies, and no mutual fund company is required to participate in the seminars or

to contribute to the costs of the seminars in order to have their funds distributed through our platform. Financial Advisors do not receive a portion of these payments.

### **Unit Investment Trust (“UIT”) Fees and Compensation**

Investors should consider all risks and charges prior to any UIT transaction. Clients who own UITs may incur certain internal expenses charged directly by the UIT. These expenses are separate and in addition to fees charged for Advisory services. Internal expenses are described in each UIT prospectus. The prospectus contains important information about the UIT being offered and should be reviewed carefully before investing. UITs are sold by prospectus only. Most UIT sponsors make additional payments to firms, including our firm, for selling their UITs. These payments are typically calculated as a percentage of the total volume of sales of the sponsor’s UITs made by the firm in a brokerage capacity during the UIT’s initial offering period. That percentage typically increases as higher sales volume levels are achieved. Detailed descriptions of the terms of these additional payment programs are provided in each UIT’s prospectus. UIT sponsors may also pay Stifel fixed amounts for marketing, promotional or related expenses intended to result in additional sales of a sponsor’s products, or to defray a portion of the costs incurred to facilitate UIT sales, such as the costs of developing or purchasing UIT trading systems. Payment rates and total payment amounts vary from sponsor to sponsor. These payments are made by the UIT sponsor and not out of UIT assets. These amounts are not paid to Financial Advisor or branch offices.

### **Exchange Traded Fund (“ETF”) Fees and Compensation**

Investors should consider all risks and charges prior to any ETF transaction. Clients who own ETFs may incur certain internal expenses charged directly by the ETF. These expenses are separate and in addition to fees charged by Stifel for Advisory services. Internal expenses are described in each ETF prospectus. The prospectus contains important information about the ETF being offered and should be reviewed carefully before investing. ETFs are sold by prospectus only.

### **Non-Cash Compensation**

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

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

We do 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.

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

## PORTFOLIO MANAGER SELECTION AND EVALUATION

A Financial Advisor may recommend a third-party manager to Clients in the Horizon Program. Any such recommendation will be based on the Client's goals and objectives, and the third-party manager's investment philosophy and policies. The Client (not Stifel) is responsible for implementing any recommendation with respect to third-party managers for the Horizon Program, and the Client must enter into a separate advisory agreement with each such third-party manager (a "Dual Contract Manager") and pay a separate fee to the Dual Contract Manager for its services. Because the Client has a separate and direct relationship with each Dual Contract Manager, we do not undertake to monitor or otherwise supervise the Dual Contract Manager's services to the Client. The Client is therefore responsible for carefully reviewing any and all reports provided by the Dual Contract Manager, and for determining the advisability of continuing the relationship.

Our staff conducts initial due diligence with respect to third-party Advisers providing Strategies for our discretionary Fundamentals, Opportunity, Spectrum, Unison, and IMC Programs, as well as Research Sources for our Score Program. In addition, in order to be available for new investments on our platform, Advisers have to complete a quarterly questionnaire in which they provide information about their performance, and other relevant information. We also conduct quarterly qualitative due diligence with respect to third-party Advisers that are included on our Reference List. The Reference List contains third-party Advisers that, in the opinion of TPRG, are some of the top performers in the Strategies represented.

Except as otherwise set forth in the applicable Program description, our firm manages all other Program assets directly, rather than through Independent or Affiliated Advisers acting as Investment Manager on the accounts.

### Selecting Independent and Affiliated Advisers

In selecting third-party Advisers, we identify those that represent various investment strategies across several investment styles and asset classes. We generally require potential Advisers to complete an initial due diligence survey. Our personnel use a database of research and statistics to review the annual performance and operations of Independent and/or Affiliated Advisers. We may also perform on-site meetings with new Advisers. We seek to identify and retain Independent and Affiliated Advisers who have demonstrated an ability to successfully manage assets, taking into account the investment style and philosophy, geographic location, account minimum, assets under management, number of investment professionals on staff, and number of years in business. Our firm and/or Affiliated Advisers may also serve as Investment Manager to a Program or Strategy within a Program and, as such, responsible for making the buy and sell decisions for the assets in such Program or Strategy, directly trading the account, adjusting allocations and re-balancing as appropriate, monitoring each account's compliance with any applicable investment restrictions, and other portfolio management decisions. Subject to our fiduciary obligations, we generally select Affiliated Advisers to manage Programs and/or Strategies where the Affiliated Adviser's investment style is in line with the Program's or Strategy's objectives. Clients should note that our Financial Advisor may have an interest in recommending a Portfolio that is internally managed and/or managed by an Affiliated Adviser.

Our staff conducts on-going due diligence of Advisers, including from time to time, on-site and/or telephonic reviews with the investment and other personnel of certain Advisers that qualify for such reviews. All other Advisers report performance and other events to us on a quarterly basis using industry sources. We also use a vendor-provided rating system to rate Advisers in order to assist Financial Advisers and their

Clients in selecting an appropriate Adviser to manage (or continue to manage) a Client's assets.

### Replacing Independent and Affiliated Advisers

We may consider replacing Independent and/or Affiliated Advisers if there are substantial changes in their investment style that prove to be inconsistent with the style, philosophy, and policies upon which they were hired. Additionally, we may consider replacing Independent and/or Affiliated Advisers who have invested in prohibited securities, experienced material changes in their business structure, and/or failed to abide by Client objectives and/or restrictions, maintain accurate Client account statements, abide by the terms or conditions of the sub-advisory agreement or any amendments thereto, or demonstrate prolonged acceptable performance.

### Relationships With Independent and Affiliated Advisers

Our firm enters into sub-advisory agreements with Independent and Affiliated Advisers and compensates them directly out of fees paid by Advisory Clients in the amounts and/or ranges set forth under the applicable Program description. As set forth above, brokerage transactions for related Client accounts generally are executed through Stifel; however, where applicable, each Adviser that is an Investment Manager also has the authority to execute brokerage transactions through third-party broker-dealers if the Investment Manager determines that such third-party broker-dealer is providing best execution for the transaction. Transactions through third-party broker-dealers are subject to separate and additional commissions from the wrap fee that Stifel charges. It is the responsibility of each Investment Manager to monitor the securities in Client accounts for consistency with the investment style and criteria established.

### Performance Information

We typically provide performance reports to Clients on a quarterly basis using performance returns calculated by our primary performance system. Our primary system calculates total performance returns (after deduction of actual trading expenses) using a daily calculation methodology that adjusts for random cash flows in the account as of the applicable date. In certain limited cases, we may calculate Client account performance using one of our secondary performance systems. Our secondary performance systems generally calculate performance returns using the Modified Dietz Method, which is a time-weighted method that also identifies and accounts for random 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, our personnel review the performance returns to determine and/or verify their accuracy or compliance with presentation standards. In addition, Affiliated and/or Independent Investment Managers may also provide performance information directly to Clients. In such cases, the Affiliated or Independent Investment Manager is responsible for reviewing the information included in the report that they issue. As a result, performance information presented to Clients may not be calculated in a uniform and consistent basis.

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

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



### **Risk of Loss**

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 or Strategy in which the Client is enrolled, and the investments held in the Client's Advisory account. Each investment in an Advisory account is subject to general market risk, which is the risk that the security's value will decline because of downturns in the general securities markets. Depending on market conditions, the value of an investment at the end of an investment period may be less than its initial value, and the Client could lose money.

The following additional risks may also be applicable to Advisory accounts in the Programs covered in this Brochure:

**Research Sources Risks:** Our Score Program relies heavily on outside Research Sources. We attempt to match the holdings in the Portfolio accounts to the Research Source to which such Portfolio is tied. However, from time to time, our holdings may fail to directly correlate to the applicable Research Source and, as such, the performance of the Portfolio may differ from the related Research Source. Moreover, a Research Source's investment strategy may fail to achieve the desired results and, therefore, the performance of the Portfolio accounts may suffer. In implementing changes from Research Sources, we may cause relatively large investments or redemptions in funds held in Client accounts. These large transactions may adversely affect the performance of the funds in which Clients are invested. We may, but are not required, to take measures to minimize the impact of such transactions to the extent consistent with the applicable Client investment objectives as well as the objectives of the other Clients in the Portfolio.

**Third-Party Adviser Risks:** As set forth above, a number of our Programs, including (but not limited to) Opportunity, IMC, and Horizon, are managed by Independent or Affiliated Advisers. In addition, 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 Investment Managers based on, among other things, their management style and prior performance. However, an Investment Manager's prior performance is not a guarantee of its future results. As such, its investment strategies may fail to produce the intended results. In addition, each Investment Manager has the authority to place account trades through other broker-dealers if the Investment Manager determines that the other broker-dealer is providing best execution. Trades implemented through other broker-dealers are subject to additional commissions and charges imposed by the other brokers. 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.

**Model-Based Trading Risks:** As set forth above, our firm may be responsible for trading certain Strategies in the Opportunity Program, Score, Spectrum, Unison, and other Programs in this Brochure based on Strategies provided by third-party Advisers and/or Research Sources. To the extent provided by the Strategy Adviser, we will attempt to enter trades within the timeline and/or in the lots as may be directed by the Strategy Adviser. However, there may be time when we are unable to execute trades in the allocations or at the prices deemed ideal by the Strategy Adviser. There may also be times when we are entirely unable to implement a recommendation due to restrictions applicable to us in our capacity as a broker-dealer. For example, we may not be able to purchase a security recommended by a Strategy Adviser because the security is the subject of a research report by one of our firm's research analysts, or because our firm involved in investment banking activities with the issuer of the security. Finally, there may be times when we receive trade instructions from more than one Strategy Adviser relating to

the same security during the same day. Because our firm's policy is to execute trades as promptly as possible after receipt from a Strategy Adviser and, to the extent possible, in the order received from each applicable Strategy Adviser, we will not be in a position to aggregate trades from multiple Strategy Advisers into a single block which may get better execution. As a result, different Client accounts in MBT Strategies and/or other discretionary Programs may receive different intra-day prices even where such accounts have traded in the same security for the day, and there may be times when we are obligated to purchase a security for an MBT Strategy on the same day that it is selling the same security for another MBT Strategy. Based on all of the foregoing, Clients investing in MBT Strategies or other Portfolios that we trade based on third-party Adviser recommendations should understand that the performance returns achieved by their accounts may differ (at times significantly) from the performance of the Strategy or Portfolio as reported by its Adviser.

**Adviser/Manager Selection Risks:** We and/or Affiliated Investment Advisers may act as portfolio manager for a number of Programs/Strategies covered by this Brochure. We generally select and/or recommend Advisers based on, among other things, the Adviser's prior risk-adjusted performance and expertise (including how the Adviser's investment strategies and policies correlate to the Program/Strategy's stated objectives and strategies). However, personnel may give great weight to our relationship with a proposed Adviser in making the selection rather than relying solely on performance or expertise. In addition, as set forth above, a Financial Advisor's Payout Rate varies depending on the Program and/or Strategy in which a Client is invested, and certain Investment Managers may pay referral fees to a Financial Advisor for recommending their strategy or Strategies. As such, Financial Advisors may also have an incentive in recommending a Strategy that is internally managed and/or managed by an Affiliated Investment Manager.

**Diversification Risk:** Portfolios in the SEI and Saratoga Programs invest primarily in mutual funds managed by their affiliated companies. As a result, clients in these Programs may not have access to as wide a variety of management styles as Clients in our other Programs.

**Investment Company Securities Risks:** A number of Strategies/Portfolios covered in this Brochure are heavily invested in mutual funds. In addition, Advisory accounts may invest in other investment companies, including ETFs, UITs, and/or closed-end funds. Each fund in a Strategy/Portfolio 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.

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

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

**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 risk measures a debt security's price sensitivity to interest rate changes. Bonds with higher duration carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are very low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease, and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. High-yield debt securities (junk bonds) generally are more sensitive to interest rates. Such securities are also highly subject to liquidity risk. Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price. There are also special tax considerations associated with investing in high-yield securities structured as zero coupon or pay-in-kind securities. Municipal bonds are also subject to state-specific risks, such as changes in the issuing state's credit rating, as well as the risk that legislative changes may affect the taxable status of such bonds. Municipal bonds may also have a call feature, entitling the issuer to redeem the bond prior to maturity. A callable security's duration, or sensitivity to interest rate changes, decreases when rates fall and increases when rates rise because issuers are likely to call the bond only if the rates are low. Investors in callable bonds are therefore subject to re-investment risk – that they will need to re-invest their proceeds at lower rates. Investments in government-sponsored entity securities also exhibit these risks, although the degree of such risks may vary significantly among the different government-sponsored entity securities. Some securities issued or guaranteed by U.S. government agencies or instrumentalities are not backed by the full faith and credit of the U.S. and may only be supported by the right of the agency or instrumentality to borrow from the U.S. Treasury. In general, each Client is urged to carefully consider the risks associated with the specific type of debt securities in which a Strategy or a Financial Advisor intends to invest prior to selecting such portfolio and/or accepting a recommendation.

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

**Alternative Investments Risks:** Alternative investments, including (but not limited to) investment partnerships, alternative mutual funds, non-traditional ETFs, managed futures and/or real estate (related) investments may also present unique risks, such as decreased liquidity and transparency, and increased complexity. Alternative investments typically use derivative instruments (such as, options, futures, or index-based instruments) and/or leveraging strategies. The use of derivative instruments involves multiple risks, including counterparty risk (i.e., the risk that the institution on the other side of their trade will default), as well as the risk that the instrument may not work as intended due to unanticipated developments in market conditions. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment strategy, the investment return may also vary as a result of fluctuations in the demand and supply of the underlying commodities. Real estate-related investments will be subject to the risks generally relating to real estate, including risks that may be specific to the geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others. ***As with any potential investment, the Client should consult with a tax advisor as to the relevant tax consequences.***

Additional risks may include adverse market condition risks, investment strategy risk, aggressive investment techniques risk, concentration risk, correlation risk, credit risk and lower-quality debt securities risk, energy risk, equity securities risk, financial services companies' risk, interest rate risk, non-diversification risk, small and mid cap company risk, tracking error risk, and

special risks of mutual funds and/or ETFs, among others. Each Client should carefully review the product's offering document to understand the applicable risks.

**Tax-Exempt Securities Risks.** Certain portfolio or Strategies may seek to invest in tax-exempt securities, including (but not limited to) municipal bonds as well as tax-exempt mutual funds and ETFs. In order to attempt to pay interest that is exempt from federal or state and local income tax, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed to shareholders to be taxable. In addition, income from one or more municipal bonds held by the portfolio could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service (IRS) or state tax or other authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws also may cause the prices of tax-exempt securities to fall. Finally, income from certain municipal bonds may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor's state of residence. Clients should carefully review the terms of the bonds (or in the case of a managed account, the Adviser's Strategy) to understand the related risks.

#### **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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

We generally do not provide Client information to Advisers providing model Strategies to our under MBT arrangements. In MBT arrangements, our firm (not the Strategy Adviser) is responsible for the various aspects of the account's portfolio management.

#### **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

We strongly encourage Clients to communicate with their Financial Advisor, rather than the Investment Manager of the Strategy in which the Client is invested. However, Financial Advisors generally review with the Client the available Strategies, as well as the Independent or Affiliated Investment Managers (if any) managing such Strategy, and obtain Client consent prior to enrolling a Client in a Program or Strategy. The information provided to each Client may include, where applicable, the Investment Manager's Form ADV Part 2A which includes its name and contact information. In such cases, therefore, Clients have the option of contacting an Investment Manager directly. However, the foregoing does not apply to MBT Strategies because the information provided to Clients with respect to a Strategy generally will not include the Strategy Adviser's Form ADV.

#### **ADDITIONAL INFORMATION**

##### **DISCIPLINARY INFORMATION**

1. On October 21, 2014, Stifel entered into an Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority ("FINRA") to settle allegations that the firm, (i) failed to report to the

FINRA/NASDAQ Trade Reporting Facility, the capacity in which the firm executed certain transactions in Reportable Securities, (ii) failed to disclose to its customers the correct reported trade price in certain transactions, and its correct capacity in each transaction, (iii) incorrectly included an average price disclosure in certain transactions, (iv) inaccurately disclosed the commission or commission equivalent in certain transactions, (v) accepted a short sale in an equity security for its own account, without (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with Rule 203(b)(1) of Regulation SHO. In addition, FINRA also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the above noted issues. These allegations were considered to be violations of FINRA Rule 7230A, SEC Rule 10b-10, Rule 203(b)(1) of Regulation SHO, SEC Rule 605 of Regulation NMS, NASD Rule 3010 and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a censure and a fine of \$32,500.

2. On September 25, 2014, Stifel entered into an Acceptance, Waiver and Consent with The NASDAQ Stock Market LLC ("Nasdaq") to settle allegations that the firm failed to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotation, when (i) the order price was equal to or would have improved the firm's bid or offer and/or the national best bid or offer for such security, and (ii) the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security. The conduct described was deemed to constitute a violation of Rule 604 of Regulation NMS. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$12,500.

3. On September 22, 2014, Stifel entered into an Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority ("FINRA") to settle allegations on two separate items. The first, that the firm failed to establish and implement an anti-money laundering ("AML") program reasonably designed to detect and cause the reporting of certain suspicious activity during a period when the firm executed for its customers, unsolicited purchases and sales of at least 2.5 billion shares of low-priced securities ("penny stocks") which generated at least \$320 million in proceeds. As a result, the firm was deemed to have violated NASD Rule 3011 (a) and FINRA Rules 3310(a). The second allegation was that the firm failed to establish, maintain, and enforce a supervisory system reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933 and the applicable rules and regulations with respect to the distribution of unregistered and non-exempt securities. As a result, the firm was deemed to have violated NASD Rule 3010 and FINRA Rule 2010. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$300,000.

4. On February 27, 2014, Stifel entered into an Acceptance, Waiver and Consent with FINRA to settle allegations that the firm failed to report Trade Reporting and Compliance Engine (TRACE) transactions in TRACE-eligible debt securities for agency bond new issue offerings during the period May 10, 2011 through September 30, 2011. While not admitting or denying the allegations, the firm agreed to (i) a censure, (ii) a fine of \$22,500,

and (iii) revise the firm's written supervisory procedures relating supervision of compliance with FINRA Rule 6760.

5. On January 9, 2014 Stifel 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 and/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 firm consented to a regulatory censure, a fine of \$450,000 and restitution to the 59 affected customers in the amount of \$338,128.

6. On December 23, 2013, Stifel and one of its representatives entered into a Stipulation and Consent Agreement with the State of Florida Office of Financial Regulation to settle allegations that the Stifel representative engaged in investment advisory business within the State of Florida without due registration as an investment advisory representative. Stifel agreed to an administrative fine of \$15,000. For its part, the State of Florida approved the individual's investment advisory representative registration.

7. On December 20, 2013 Stifel entered into a Letter of Acceptance, Waiver and Consent with FINRA to settle allegations that, among other things, (i) the firm accepted and held customer market orders, (ii) traded for its own account at prices that would have satisfied the customer market orders, (iii) failed to immediately execute the customer market orders up to the size and at the same price at which it traded for its own account or at a better price, and (iv) failed to execute orders fully and promptly and in addition, some of the instances resulted in prices to the customers that were not as favorable as possible under prevailing market conditions. The firm consented to a censure and fine of \$80,000.00 and to pay restitution of \$4,416.74 to the affected customers.

8. On September 27, 2013 Stifel entered into a Letter of Acceptance, Waiver, and Consent with FINRA to settle allegations relating to a Trading and Market Making Surveillance Examination for trades dated in 2010 – specifically, that (i) the firm reported inaccurate information on customer confirmations relating to distinguishing compensation from handling fees, failing to include market maker disclosure, and incorrectly including average price disclosure, (ii) the firm made available a report on the covered orders in national market system securities that included incorrect information regarding the size of orders, classification of orders in incorrect size buckets, (iii) the firms written supervisory procedures failed to provide adequate written supervisory procedures relating to supervisory systems, procedures and qualifications, short sale transactions, backing away and multiple quotations, information barriers, and minimum quotation requirements, and (iv) the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning order handling, anti-intimidation coordination, soft dollar accounts and trading, OATS reporting, books and records, and monitoring electronic communications. These allegations were considered to be violations of SEC Rule 10b-10, SEC Rule 605 of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$20,000. The firm also agreed to revise its written supervisory procedures.

9. On August 6, 2013, Stifel entered into a into a Letter of Acceptance, Waiver, and Consent with FINRA to settle allegations that the firm failed to properly indicate whether certain orders were buy, short sales or long sales and, further, failed indicate the correct capacity of certain orders into the Nasdaq/SingleBook System, in violation of Nasdaq Rules 4755 and 4611(a)(6), respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and an aggregate fine of \$10,000.

10. On August 6, 2013, Stifel entered into a into a Letter of Acceptance, Waiver, and Consent with FINRA to settle allegations relating to three separate reviews from 2008, 2009 and 2010 regarding fair pricing of fixed income securities – specifically, that (i) for certain of those periods, the firm failed to buy or sell corporate bonds at a fair price, (ii) the firm bought or sold municipal securities for its own account and/or sold municipal securities to a customer at an aggregate price that was not fair and reasonable, and (iii) the firm failed to use reasonable diligence to ascertain the best inter-dealer market price for certain identified transactions and/or to buy and sell in such market such that the price to its customers was as favorable as possible under prevailing market conditions. These allegations were considered to be violations of FINRA Rule 2010, NASD Rules 2110, 2320, 2440, Interpretive Materials -2440-1 and -2440-2, and MSRB Rules G-17 and G-30(A). To settle each of these separate allegations, the firm agreed to be censured and fined \$92,500 in the aggregate, and to pay restitution to clients of \$53,485.96 (of which \$36,762.73 had already been paid by the firm, of its own accord, to the affected clients) plus interest.

11. Stifel entered into a letter of Acceptance, Waiver and Consent dated 8/6/2013 for violations of SEC, FINRA and NASD rules. The allegations were the result of 4 separate reviews FINRA conducted during 2008 and 2009 involving ("OATS") reporting, market order timeliness and market making. Without admitting or denying the findings, the firm consented to the described sanctions and was censured, and fined \$52,500 for the violations found during the 4 separate reviews. The firm also agreed to revise its written supervisory procedures and to pay restitution in the amount of \$1,791.33 to its customers.

12. On May 29, 2013, Stifel entered into a settlement agreement with the Chicago Board of Options Exchange, Incorporated ("CBOE") to settle allegations that the firm failed to register individuals that were otherwise required to register as proprietary trader principals by the required deadline. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$5,000.

13. On September 28, 2012, Stifel entered into a Letter of Acceptance, Waiver, and Consent with FINRA to settle allegations that the firm failed to report Trade Reporting and Compliance Engine (TRACE) 29451 transactions in TRACE-eligible debt securities within 15 minutes of the time of execution, in violation of FINRA Rule 6730(A) and Rule 2010. While not admitting or denying the allegations, the firm agreed to pay a fine of \$5,000.

14. On March 26, 2012, Stifel entered into a Letter of Acceptance, Waiver, and Consent with FINRA to settle allegations that the firm failed to adequately supervise a former Missouri agent who sold unregistered securities, and failed to detect or respond adequately to warning signs and/or evidence that should have alerted the firm to the agent's misconduct. Stifel neither admitted nor denied FINRA's findings. The firm

consented to findings, a censure, and agreed to pay a regulatory fine of \$350,000 and restitution in an amount not to exceed \$250,000 plus interest to customers affected by the agent's misconduct (subject to various other procedural requirements).

15. On January 24, 2012, Stifel entered into a consent order with the Missouri Securities Division to settle allegations that the firm failed to supervise a former Missouri agent who sold unregistered securities, failed to disclose material facts, made material misstatements and who engaged in an act, practice or course of business that operated as a fraud or deceit. The Division further found that Stifel failed to make, maintain, and preserve records as required under the Securities and Exchange Act and Stifel's written supervisory procedures. Stifel neither admitted nor denied the Division's findings. The firm consented to findings, a censure, and agreed to pay \$531,385 in restitution and interest to investors, \$500,000 to the Missouri Secretary of State's Investor Education and Protection Fund, and \$70,000 as costs of the Division's investigation. In addition, Stifel is required to retain an outside consultant to review and report to Stifel concerning certain of the firm's policies and procedures. The report will be made available to the Division.

16. In 2009, 2010, and 2011 Stifel entered into consent agreements with a number of state regulatory authorities regarding the sale of securities commonly known as "Auction Rate Securities" (ARS). The state regulatory authorities claimed that Stifel failed to reasonably supervise the sales of ARS by failing to provide sufficient information and training to its registered representatives and sales and marketing staff regarding ARS and the mechanics of the auction process applicable to ARS. As part of some or all of the consent agreements, Stifel agreed to pay various levels of fines to the states, to accept the regulator's censure, to cease and desist from violating securities laws and regulations, to retain at Stifel's expense a consultant to review the firm's supervisory and compliance policies and procedures relating to product review of nonconventional investments, and/or repurchase certain auction rate securities from the firm's clients. The states with which Stifel entered into agreements of consent and the amounts of the fines paid to the respective states are:

<u>STATE</u>	<u>DATE RESOLVED</u>	<u>FINE PAID</u>
VIRGINIA	09/18/09	\$ 17,500.00
MISSOURI	01/22/10	\$ 250,000.00
NORTH DAKOTA	04/12/10	\$ 1,050.00
INDIANA	04/14/10	\$ 173,323.36
SOUTH DAKOTA	04/19/10	\$ 1,050.00
IOWA	04/19/10	\$ 2,172.71
VERMONT	04/22/10	\$ 1,116.04
WASHINGTON	04/26/10	\$ 1,512.29
KENTUCKY	04/27/10	\$ 7,984.40
MONTANA	05/04/10	\$ 1,050.00
CALIFORNIA	05/05/10	\$ 11,220.45
NEBRASKA	05/10/10	\$ 1,248.13
ALABAMA	05/13/10	\$ 1,050.00
MISSISSIPPI	05/18/10	\$ 2,833.13
LOUISIANA	05/25/10	\$ 1,116.04
UTAH	06/01/10	\$ 1,116.04
TENNESSEE	06/16/10	\$ 3,889.80
PUERTO RICO	06/23/10	\$ 1,050.00

WEST VIRGINIA	06/28/10	\$ 1,050.00
DELAWARE	07/08/10	\$ 1,182.08
OKLAHOMA	07/14/10	\$ 1,050.00
COLORADO	08/24/10	\$ 24,720.67
KANSAS	08/19/10	\$ 13,597.95
RHODE ISLAND	08/10/10	\$ 1,050.00
US VIRGIN ISLANDS	09/14/10	\$ 1,050.00
CONNECTICUT	09/23/10	\$ 8,512.73
MAINE	09/24/10	\$ 1,116.04
MICHIGAN	09/29/10	\$ 35,788.02
SOUTH CAROLINA	10/04/10	\$ 1,446.25
ARKANSAS	10/19/10	\$ 1,314.17
NEW JERSEY	10/29/10	\$ 15,381.10
ALASKA	10/27/10	\$ 1,446.25
WISCONSIN	12/08/10	\$ 18,286.93
OREGON	02/17/11	\$ 2,502.92
MINNESOTA	01/31/11	\$ 5,805.01
NEVADA	02/03/11	\$ 17,164.21
OHIO	04/14/11	\$ 15,645.25
MARYLAND	05/13/11	\$ 16,663.56
FLORIDA	04/23/12	\$ 29,617.71
GEORGIA	05/01/12	\$ 2,040.63
PENNSYLVANIA	08/10/12	\$ 9,450.00
ILLINOIS	08/29/12	\$ 32,619.00

17. On October 27, 2010, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that Stifel failed to buy or sell corporate bonds at a price that was fair, taking into account all relevant circumstances; that the firm transmitted reportable order events to the Order Audit Trail System (OATS) that were rejected by OATS for repairable context or syntax errors that went uncorrected by the firm; that the firm incorrectly reported principal trade transactions as "agent" or "riskless principal" trades; and that the firm failed to report correctly the first leg of riskless principal transactions as "principal." While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a \$32,500 fine.

18. On September 23, 2010, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that, prior to its acquisition by Stifel, Ryan Beck & Co., Inc. had failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible unit investment trust (UIT) purchases. FINRA alleged that Ryan Beck failed to identify and appropriately apply sales charge discounts and misstated to certain clients that discounts and breakpoint advantages had been properly applied. While not admitting or denying the allegations, the firm agreed to an undertaking by which the firm would submit to FINRA a proposed plan of how it will identify and compensate customers who qualified for, but did not receive, the applicable UIT sales charges discount. The firm will determine the excess sales charges paid by customers and calculate monies owed, plus interest, and provide FINRA with a schedule of the same and a program of restitution.

19. On March 10, 2010, Stifel agreed to pay a \$133,000 fine to the State of Missouri and disgorgement of customer commissions in the amount of \$78,617 arising out of the State's allegations that the firm failed to reasonably supervise a Missouri-registered agent with regard to transactions in certain securities accounts of three Missouri residents.

20. On April 6, 2009, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that the firm had failed to report to NASDAQ Market Center (NMC) last sale reports of transactions in designated securities and failed to report to NMC the second leg of "riskless: principal" transactions. While not admitting or denying the allegations, the firm agreed to pay a fine of \$5,000.

21. On September 18, 2007, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that the firm failed to make available a report on the covered orders in National Market Securities (NMS) that it received for execution from any person. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a fine of \$7,500.

22. On September 12, 2007, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that the firm failed to report information about the purchase and sale transactions effected in municipal securities to the Real-Time Transaction Reporting System (RTRS) in a manner prescribed by MSRB Rule G-14. While not admitting or denying the allegations, the firm agreed to pay a fine of \$5,000.

23. On August 21, 2007, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that the firm had failed to immediately display a limited number of customer limit orders in NASDAQ securities in its public quotation, when such order was equal to or would have improved the firm's bid or offer and the national best bid or offer for such security, and the size of such order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a fine of \$10,000.

24. On June 14, 2007, Stifel entered into an agreement of acceptance, waiver, and consent with NASD resolving NASD's claim that Stifel failed to establish, maintain or enforce a supervisory system and written procedures reasonably designed to prevent and detect late trading. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a \$125,000 fine.

25. On March 7, 2007, Stifel entered into an agreement of acceptance, waiver, and consent with FINRA resolving FINRA's claim that the firm, acting in its capacity as an underwriter of municipal securities, failed to file, or cause to be filed, the required MSRB Rule G-36 forms with MSRB in a timely manner; and that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with the filing requirements of MSRB G-36. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a fine of \$15,000.

26. On October 26, 2006, Stifel entered into a stipulation and consent to penalty with the New York Stock Exchange (NYSE) resolving NYSE's claim that the firm had failed to adhere to principles of good business practice by providing customers' nonpublic personal information to a third party without first entering into a contractual agreement with the third party prohibiting the third party from disclosing or using the information in noncompliance with federal and regulatory rules and regulations; that the firm had failed to preserve and maintain instant messaging communications in the required format for the required retention period; that the firm had failed to establish and maintain

appropriate procedures for supervision, control, and review of e-mail communications; that the firm had failed to apply for NYSE approval of affiliated entities that engaged in securities or kindred business that were under common control by firm's parent entity; and that the firm had failed to obtain NYSE approval for one branch manager. The firm agreed to a regulatory censure and to pay a fine of \$100,000.

27. On September 2, 2005, Stifel entered into an agreement of acceptance, waiver, and consent with NASD resolving NASD's claim that the firm acting in its capacity as an underwriter of municipal securities, failed to file, or cause to be filed, the required MSRB Rule G-36 forms with MSRB in a timely manner. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a fine of \$5,000.

28. On January 28, 2005, the firm entered into an agreement of acceptance, waiver, and consent with NASD resolving NASD's claim that from January through March 2002, the firm failed to immediately display a limited number of customer limit orders in NASDAQ securities in its public quotation, when such order was equal to or would have improved the firm's bid or offer and the national best bid or offer for such security, and the size of such order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security; and that the firm transmitted a limited number of orders to the OATS system that contained improperly formatted, inaccurate or incomplete data, or on some occasions, the correct order receipt time. While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a fine of \$20,000.

## 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 Stifel, 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 using their discretionary authority to purchase Stifel Financial stock for the benefit of a discretionary client account. If a client determines, notwithstanding the foregoing, to require the purchase of Stifel Financial stock in the discretionary account, Stifel will purchase such securities and may, at its option, require the client to acknowledge the unsolicited nature of the transaction and/or exclude the underlying value of the stock from the billable value of the account.

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

***Affiliated Investment Advisers and Broker-Dealers*** – We have a number of arrangements with our affiliated investment advisers and broker-dealers that are applicable to Clients enrolled in our Programs. As set forth above, our affiliate, Choice Financial

Partners, Inc., provides the EquityCompass Strategies used in certain Score Portfolios. We also use internally sourced Research to manage various Score Portfolios as described in more detail in the specific Program/Portfolio descriptions. Clients should note that our Financial Advisors may have an incentive to recommend Portfolios using Research Sources provided by an 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 Financial 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.

We pay Advisers and Research Sources from the Advisory fees received from Clients, even where such entities are affiliated. In addition, our affiliates, Missouri Valley Partners, Inc., Ziegler Capital Management, LLC, Thomas Weisel Capital Management LLC and Montibus Capital Management LLC, may serve as portfolio manager or Investment Manager to a number of Client accounts. As with all other sub-Advisers, we pay our affiliates out of the Advisory fee that we receive from Clients, typically in the same range as unaffiliated Advisers. We may be deemed to have an incentive to recommend an affiliated Adviser and/or internal or affiliated Research Sources. 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. We also serve as clearing broker and custodian to accounts sourced by our affiliate, Century Securities Associates. We may also provide portfolio management services to some of these clients to the extent they are enrolled in our discretionary wrap programs discussed in more detail above. We receive a share of the fees and/or charges paid by Century clients in connection with the services that we provide.

**Stifel Trust Company, National Association (NA)** – Our affiliate, Stifel Trust Company, N.A., provides personal trust services (including serving as trustee or co-trustee, investment manager, or custodian) for individuals and organizations. From time to time, as trustee or managing agent, Stifel Trust may open an Advisory account with Stifel. In such cases, the fees charged by our affiliate are structured in a manner that is consistent with applicable fiduciary principles.

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

**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.

**Limited Partnerships** – As discussed in the Executive Summary, our firm and/or affiliates may act as general partner to various investment partnerships in which Advisory Clients may be invested. Clients that invest in any such partnership are required to hold their limited partnership interests in their brokerage accounts. As such, these Clients are not charged Advisory fees with respect to the holdings, but may be charged transaction-specific brokerage commissions. As with other pooled investment vehicles, each such investment partnership charges its own fees and expenses.

**Affiliated Mutual Funds** – From time to time, Client assets may be invested in shares of mutual funds managed by our affiliates. As of the date of this brochure, affiliated mutual funds include Timberline Asset Management LLC, The Quality Dividend Fund, Ziegler Capital Management Strategic Income Fund. Additional products may be introduced in the future. These affiliates receive management fees for their services to the listed funds. Our affiliates also may serve as sub-adviser and/or provide the investment model used by the fund's named investment adviser to manage the various other mutual funds. For these services, the affiliates generally will receive a fee from the fund's investment adviser (typically a share of the applicable fund's management fee). Our Financial Advisors may also recommend these funds to non-discretionary clients, or may purchase shares of these funds in discretionary Client accounts; provided, however, that the fund shares may not be purchased on behalf of any account that is subject to, or covered by, ERISA provisions. As set forth above, all affiliated funds charge their own fees and expenses, including management fees that are paid (in whole or in part) to our affiliates. **Clients should note that with limited exceptions, we do not reduce our advisory fees by the value of any internal fund expenses that may be paid to/received by the affiliate.**

**Other Affiliated Products** – From time to time, Stifel, in its capacity as a broker may offer various products that are connected to its affiliates, such as where an affiliate receives fees relating to such products. These may include, but are not limited to, various iterations of medium-term notes issued by Barclays Capital, a division of Barclays Bank PLC, which are linked to the EquityCompass Share Buyback Index; as well as various ETFs issued by Invesco PowerShares and/or ProFunds Group, each of which is linked to a KBW financial sector index. Such 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 or KBW, as the case may be) may receive a portion of the fees or other remuneration received by the issuer of the product, in each case as per the affiliate's agreement with the issuer. **Clients should note that, with limited exceptions, we do not reduce our advisory fees by the value of any compensation that may be paid by the product's issuer to the affiliate.**

**Stifel Bank & Trust ("SB&T")** – SB&T typically is the first bank into which idle cash swept from eligible Client accounts is deposited as part of our IBP Program discussed in more detail below. In addition, from time to time, Advisory Clients may also have a direct relationship with SB&T through deposit and other bank accounts held with our banking affiliate. Clients with personal deposit accounts with the affiliate other than through the IBP Program will be responsible for any customary banking fees that are charged with respect to bank deposit accounts.

**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. Our firm acts as a fiduciary with respect to all Advisory services. As a fiduciary, we take reasonable steps to ensure that all material conflicts are fully disclosed to our Clients. For example, we periodically review our lines of service to identify applicable risks and make disclosures to Clients (as and when deemed appropriate) about those risks.

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

### Code of Ethics

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

### Participation or Interest in Client Transactions

Advisory transactions are typically executed on an agency basis. However, our firm may trade with Clients and seek to earn a profit for its own account ("principal transactions"). Such 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 Investment Manager who is directing the trade, we may, as broker, trade from our inventory. In addition, except with respect to our Horizon Program, we do not permit Advisory accounts to participate in syndicated offerings where our firm 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; additionally, the Client will incur customary charges (including any applicable markup) with respect to the transactions. We typically do not execute agency cross transactions in Advisory Client accounts; however, to the extent that any such transaction is effected in a Client account, we will make all necessary disclosures to the affected Clients and obtain prior written consent. We generally do not affect agency cross transactions between Clients if we have recommended the security to both Clients. Notwithstanding the foregoing, we will not seek to obtain Client consent in cases where, consistent with applicable laws, an Investment Manager is directing the transaction and, therefore, our firm (or representatives) did not recommend or otherwise direct the trade.

### Personal Trading

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

Client to decline to implement any advice rendered. Additionally, under NYSE Rules, Financial Advisors affiliated with Stifel Financial Corp. ("SF") are prohibited from recommending SF securities except on an unsolicited basis.

## BROKERAGE PRACTICES

### About Our Broker-Dealer

Our firm's principal business in terms of revenue and personnel is that of a securities broker-dealer. As a broker-dealer, we execute securities transactions per Client instructions. As an integral part of services offered, when providing brokerage services, Financial Advisors may assist Clients in identifying investment goals, creating strategies that are reasonably designed to meet those goals, and making suitable buy, hold, and sell recommendations based on risk tolerance and financial circumstances. However, Financial Advisors do not make investment decisions on behalf of Clients and do not charge any fees for any incidental advice given when providing brokerage services. ***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, Stifel is held to the legal standards of the Securities Act of 1933, the Securities Exchange Act of 1934, FINRA rules, and state laws where applicable. Such standards include fair dealings with Clients, reasonable and fair execution prices in light of prevailing market conditions, reasonable commissions and other charges, and reasonable basis for believing that securities recommendations are suitable.

Brokerage clients pay commission charges on a per transaction basis for securities execution services in their brokerage accounts. As set forth elsewhere in this Brochure, with limited exceptions, Advisory clients enrolled in the Programs covered in this Brochure generally pay a fee that covers Advisory and brokerage execution services. See "Additional Information about Fees and Expenses" for more details about Advisory fees.

### Execution of Transactions

As set forth above, we typically self-execute transactions for Advisory accounts, subject to our best execution obligations under applicable regulations. When determining the best way to execute Client orders, we evaluate speed and certainty of execution, price and size improvement, and overall execution quality. Orders for most Advisory Programs are routed for agency execution. Where permissible by applicable law (for example, in our Opportunity or IMC Programs where an Investment Manager is directing the trade), we may act as broker for the transaction and, at the same time, purchase and/or sell securities for a Client transactions from our inventory. Consistent with applicable regulations, such inventory trades are not considered "principal transactions" to the extent that an Investment Manager (not Stifel) determines that purchasing the securities from Stifel inventory is in the underlying Clients' best interest. It is the sole responsibility of Independent and Affiliated Investment Managers to meet best execution obligations for Clients of Advisory accounts. Clients should review each Independent and/or Affiliated Investment Manager's trading and execution practices as described in its Form ADV Part 2A carefully. We do not analyze or evaluate whether Independent



and Affiliated Investment Managers are meeting best execution obligations on trades executed for Client accounts.

On the execution end, Advisory Client orders generally are treated with the same priority and procedural flow as non-advisory brokerage trades. We generally use automated systems to route and execute orders for the purchase and sale of securities for all Advisory accounts, unless directed by Clients to do otherwise. Orders are routed to an execution center that is believed to provide the best execution. Certain large orders that require special handling may be routed to a market center for execution via telephone. We regularly monitor existing and potential execution venues and may route orders in exchange-listed or over-the-counter ("OTC") securities to other venues if it is believed that such routing is consistent with best execution principles. For equity securities, we monitor the performance of competing market centers and generally route orders to those that consistently complete transactions timely and at a reasonable cost and which guarantee executions at the national best bid or offer. We execute load-waived mutual fund transactions on a fully disclosed basis through National Securities Clearing Corporation ("NSCC"). No-load mutual fund transactions are executed through NSCC or TD Waterhouse Institutional Services. ETF transactions are generally executed through the American, Midwest, or New York Stock Exchange. Whenever possible, orders are routed to market centers that offer opportunities for price improvement through automated systems.

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

To the extent possible, and in order to seek a more advantageous trade price, we may aggregate orders for the purchase of a security for the Accounts of several Program Clients for execution in a single transaction ("block trades"). Block trading generally 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 certain cases, Independent and Affiliated Advisers may use computer systems that allocate purchase and sale transactions either on a random or pro rata basis. In any case, Clients may pay higher or lower prices for securities than may otherwise have been obtained.

In connection with the handling of block orders, our firm 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, our firm and/or affiliates 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 we may engage in risk-mitigating transactions in connection with client orders and will conclude that clients have given us (including our affiliates) consent to handle block transactions as described above. Clients can contact their Financial Advisor for instructions on how to opt out.

When we receive changes with respect to MBT Strategies, we generally seek to implement the changes and execute the trades as soon as possible. As a result, we may not be able to execute block trades notwithstanding that one or more MBT Strategies are trading in the same securities on the same day. Clients should therefore understand that discretionary accounts in one or more MBT Strategies and/or Programs may get

different prices even if such accounts trade in the same security on the same day.

#### **Directed Brokerage**

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

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

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

#### **Trade Error Correction**

It is our firm's policy that if there is a trade error for which we are 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, our firm may retain the gain.

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

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

Financial Advisors and Clients have access to research published by our firm's research analysts ("Stifel Research"), the primary source of our research. Subject to certain exceptions, we incorporate the insights and economic perspectives of Stifel Research, where appropriate, into our products and services. *Clients should be aware that our firm may have conflicts of interest in connection with research reports published.* Stifel and other affiliates may have long or short positions, or deal as principal or agent, in relevant securities, or may provide Advisory or other services to issuers of relevant securities or to companies connected with issuers covered in research reports issued by Stifel Research. Our 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 our firm'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. Our firm generally pays for independent third-party research. However, our firm has also entered into arrangements with third party sources, such as Russell Investments, 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, Stifel does not use any such financial institution in connection with trade executions in Client accounts.

### Margin

Clients may choose to employ margin strategies in eligible non-retirement, non-custodial accounts. **The use of leverage, or investing with borrowed funds, is generally not recommended in Advisory programs;** however, it may be approved on an exception basis when specifically requested by individual Clients, or for use in specialized strategies. Only Clients can authorize the use of leverage in an Advisory account, and in making such decisions, it is important Clients understand the risks associated with employing margin strategies, the impact the use of borrowed funds may have on Advisory accounts, and how investment objectives may be negatively affected. Employing margin in Advisory accounts is a more aggressive, higher risk approach to pursuing investment objectives. Clients should carefully consider whether the additional risks are appropriate prior to employing margin strategies due to the increased potential for significantly greater losses associated with using margin strategies. The use of margin also involves higher costs; Clients pay interest to our firm on the outstanding loan balance of their original margin loan. Furthermore, fees are calculated as a percentage of total assets in the account; therefore, employing margin strategies to buy securities in Advisory accounts generally increases the amount of, but not the percentage of, 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.** As a result, Clients may lose more than their original investments. Likewise, a positive or negative performance,

net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. **Clients generally will not benefit from employing margin strategies if the performance of individual accounts does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan.** Certain eligibility requirements must be met and documentation must be completed prior to using leverage in Advisory accounts. Specifically, Clients are required to execute separate margin agreements.

### Credit Lines

Clients may use assets in Advisory accounts to collateralize non-purpose loans ("Credit Line Loans"). Clients may apply for Credit Line Loans from our affiliate, Stifel Bank & Trust, 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 our firm 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.*

## CASH SWEEP PROGRAMS

Effective as of October 1, 2012, we have made important changes to the automatic deposit – or “sweep” – feature for available cash balances in certain Advisory account(s), as discussed in more detail below. Under the new feature, as additional cash is deposited into eligible Advisory accounts or as cash is raised in the account through liquidations, dividend or interest deposits, or other intra-account cash activities, these funds will be deposited through our Insured Bank Deposit Program (the “IBP Program”) into interest-bearing deposit accounts at one or more participating banks on a priority list. The priority list is set forth in the *Insured Bank Deposit Program Terms and Conditions*, which can be accessed on our website at [www.stifel.com](http://www.stifel.com) or obtained from your Financial Advisor. Our affiliated bank, Stifel Bank & Trust (“SB&T”) is typically the first bank into which Advisory account funds will be deposited.

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

### Covered Advisory Programs

The IBP Program applies to accounts in the following Advisory Programs covered in this Brochure: Score, Opportunity, IMC, Solutions, Fundamentals, Horizon, Unison and Spectrum.

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

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

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

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

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

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

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

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

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

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

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

investments, and other assets. As noted above, the participating banks, including SB&T, may pay lower than prevailing market rates on deposit accounts. Therefore, we expect that SB&T's participation in the Program will increase its deposits, and consequently, its overall profitability (as will be the case of all of the Banks).

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

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

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

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

We offer sweep features as a service to our Advisory Clients. We may change or discontinue the IBP Program or specific options in such Program or other alternatives that we offer at any time, and those changes may not necessarily benefit Clients.

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

#### AVAILABLE TAX-EXEMPT MONEY FUNDS

**DREYFUS GENERAL MUNICIPAL MONEY MARKET CLASS B**

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

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

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

Clients that elect to opt out of the IBP Program should understand that, unlike deposit accounts in the IBP Program, investments in money funds are **not guaranteed or insured** by the FDIC or any other government agency. Although money funds seek to preserve a net asset value of \$1.00 per share, there is no guarantee that this will occur, and any money fund may end up losing value.

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

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

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

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

## REVIEW OF ACCOUNTS

### Account Review

We review each new account enrolled in a Program prior to account opening. Thereafter, Financial Advisors perform account reviews regularly.

### 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 sectors 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 statements from Stifel.

### Market Overview

Clients typically receive quarterly analyses of prevailing market conditions for the previous fiscal quarter.

### Transaction Statements

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

### Realized Gain/Loss Summary

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

### Year-End Tax Report

As custodian, our firm also provides Clients comprehensive 1099 statements by February 15 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.

## Mutual Fund Prospectus

Clients receive a current prospectus for each mutual fund, ETF, and UIT purchased.

## Other Compensation

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

## CLIENT REFERRALS AND OTHER COMPENSATION

### Stifel Alliance Program

Under the Stifel Alliance Program ("Alliance"), we may directly or indirectly compensate individuals or companies for Client referrals by sharing a portion of the fees charged by our firm. We and/or our associated persons may pay for registration costs (if any) relating to the solicitor for Advisory Client referrals. As a result, such solicitors may have incentive to refer Clients to Stifel over other firms. 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 in respect of the solicitation.

### Compensation for Client Referrals

Our firm and/or Financial Advisors may be compensated by third-party Advisers for Client referrals in Horizon and other Programs. Compensation received in such arrangements may be based on a percentage of the total fees paid by each Client to the third-party Adviser for the period of time each Client remains with the third-party Adviser. In other cases, a third-party Adviser may agree to use our trade execution and custodial services for all referred Clients, and may also agree to open brokerage accounts for clients not introduced by us. By providing trade execution and custodial services to such Advisers, our firm and/or our Financial Advisors act in a brokerage capacity and may receive brokerage compensation. As such, Financial Advisors have an incentive to recommend third-party Advisers with whom the Financial Advisor and/or Stifel has a referral arrangement over those with no such arrangement. Clients should refer to their Financial Advisor's supplement for a discussion of the referral arrangements (if any) applicable to such Financial Advisor.

In general, we require that applicable arrangements comply with regulatory requirements applicable to soliciting arrangements, including, but not limited to, disclosures to Clients about the referral arrangement as well as any fees received (or paid) in connection with such referral at the time of the referral or execution of the Client agreement. We generally do not have solicitation arrangements with Affiliated Advisers. However, Financial Advisors may nevertheless 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.

### Other Compensation

As set forth above under "Additional Information on Fees and Compensation," we may receive Revenue Sharing from private fund sponsors or managers to whom we refer Clients for investments. We may similarly receive payments from mutual funds in which Clients invests; Clients should refer to the section "Additional Information on Fees and Compensation" above for a

more detailed discussion about such other payments. Clients should also refer to the “Brokerage Practices” section above for a discussion of research services that our firm may receive for recommending certain products to our clients.

## CUSTODY

Unless agreed upon otherwise, we maintain custody of Client assets. We have adopted policies and procedures that are designed to mitigate risks involved being a self-custodial firm in an effort to ensure that our client’s assets are protected. Among other things, we undergo a separate examination by an independent auditor the purpose of which is to obtain the auditor’s report on our internal controls design to safeguard client’s assets held at our firm. Our firm also undergoes an annual surprise audit by an independent registered accounting firm, which audit is designed to verify the Clients’ assets. At the conclusion of the annual surprise audit, the independent auditor files a report with the Securities and Exchange Commission attesting to, among other things, our compliance with regulatory requirements.

## VOTING CLIENT SECURITIES

Clients who receive account and/or portfolio management services on a discretionary basis may appoint Stifel to vote proxies on their behalf. Clients may change their proxy voting election at any time upon written notice to us. In voting proxies, we have 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, we have adopted policies and procedures to govern the proxy voting process. Our policies provide that, in general, we will vote with management on routine issues, and will vote non-routine issues in a manner calculated to maximize shareholder value. We have 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 interests and the interests of our Clients, we 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 our Proxy Voting Policies and Procedures at any time, including a record of the proxies voted in respect of their account.

We do not accept proxy voting authority from clients who receive account and/or advisory services on a non-discretionary basis. Such clients generally will receive proxy materials directly from the issuer’s transfer agent, and are responsible for voting their own proxies. Our personnel generally do not provide any form of assistance in the proxy voting process.

## FINANCIAL INFORMATION

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

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

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

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

As set forth above in the section “Services, Fees and Compensation” of this Brochure, we offer and provide a variety of investment advisory programs that are intended to assist responsible Plan fiduciaries with their prudent investment duties under ERISA. A thorough description of the services provided to a specific Plan is set forth in the applicable Advisory agreement, and may include advisory services, investment management services, trading services, and/or custody services, as well as participant education and guidance.

**Discretionary Investment Management Services** - We offer and provide discretionary ERISA fiduciary investment advisory services through a variety of investment advisory programs covered in this Brochure. These discretionary investment advisory programs are as follows: Score, Solutions, Opportunity, Unison and Spectrum. Depending on the specific program, discretionary investment management services may be provided directly through a Stifel Financial Advisor, by our home office personnel, or we may provide the Plan access to an Independent or Affiliated Adviser that provides such discretionary investment management services. Each Plan Client should review the applicable Program description as set forth in the section “Services, Fees and Compensation” above in this Brochure.

**Non-Discretionary Advisory Services** – We also offer and provide non-discretionary ERISA fiduciary and investment advisory services through our Horizon Program which is covered in this Brochure. Non-discretionary investment advisory services are provided through a Financial Advisor as our registered representative and investment advisory representative. More detailed information about the Horizon Program is provided in the section “Services, Fees and Compensation” of this Brochure.

## General Description of Compensation Paid to Stifel

Stifel accepts direct compensation in the form of fees paid pursuant to the Advisory agreement entered into with the Plan at 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 a 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, Stifel will retain the resulting gain. Pursuant to applicable guidelines, such gains may be deemed additional compensation. We maintain a record of any losses and/or gains resulting from trade errors in any account, and will provide such information to an account holder upon request.

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

## Accounts Managed by Third-Party Managers

Plan accounts enrolled in our Opportunity and/or IMC Program may utilize the services of a third-party Investment Manager that is engaged to provide discretionary investment management services to the Plan. As the Investment Manager for the Plan, that Investment Manager is a fiduciary to the Plan for purposes of both the Advisers Act and ERISA. The Investment Manager’s

direct compensation is bundled into the fee set forth in the applicable Advisory agreement with Stifel. An Investment Manager may also receive indirect compensation, often referred to as “soft dollars” or other benefits, from other brokerage firms with which the Investment Manager executes trades for its client accounts. These benefits may or may not relate to trades effected for the Plan account. Plan Clients should refer to the applicable Investment Manager’s separate Rule 408(b)2 disclosure statement or Form ADV Part 2A for information about whether or not the Investment Manager receives soft dollars or similar benefits, and the specific benefits received. Soft dollar information generally is included under the section “Research and Other Soft Dollars” in each Manager’s Form ADV Part 2A.