

# WASHINGTON CROSSING ADVISORS

**Part 2A of Form ADV  
Firm Brochure**

**April 13, 2020**

Address:

18 Columbia Turnpike  
Florham Park, New Jersey 09732

This brochure provides information about the qualifications and business practices of Washington Crossing Advisors, LLC (“WCA”). If you have any questions about the contents of this brochure, please contact the firm’s Chief Compliance Officer at (314) 342-3879. 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 WCA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

WCA is a registered investment adviser; however, such registration does not imply a certain level of skill or training.

## Item 2 – Material Changes

Washington Crossing Advisors, LLC (“WCA”) is providing this other-than-annual amendment as of April 13, 2020. Its last filing was its annual updating amendment on February 25, 2020. There were changes made since the last update, some of which may be considered material and could influence a client’s evaluation of the services provided by WCA. This brochure has been updated to reflect the following:

- On March 1, 2020, \$1.89 billion in assets from Ziegler Capital Management LLC’s (“ZCM”) Wrap Fixed Income client accounts were assigned to WCA. At the same time, WCA hired four ZCM employees, who are responsible for managing those accounts. As a result of this transaction, WCA has updated ***Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss***.
- ***Item 4 – Advisory Business*** has been updated to reflect WCA’s strategies offered through various Wrap Programs and Model Programs.
- ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss*** has been updated to reflect additional risks that we believe are of value for our clients to be aware of.
- ***Item 10 - Other Financial Industry Activities and Affiliations*** has been updated to reflect the removal of ZCM as an affiliate.

Washington Crossing Advisors, LLC (“WCA”) is providing this annual updating amendment as of February 25, 2020. Its last filing was its annual updating amendment on March 15, 2019. There were changes made since the last update, some of which may be considered material and could influence a client’s evaluation of the services provided by WCA. This brochure has been updated to reflect the following:

- ***Item 4 – Advisory Business*** has been updated to reflect WCA’s strategies offered through various Wrap Programs and Model Programs.
- The Compliance contact information included in ***Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*** and ***Item 17 – Voting Client Securities*** has been updated.

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## Item 4 – Advisory Business

Washington Crossing Advisors, LLC (“WCA,” “we,” “us,” “our”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”). WCA is a wholly owned subsidiary of Stifel Financial Corp., a financial services holding company whose stock is publicly traded on the New York Stock Exchange under the symbol SF. WCA provides investment management services to wrap and model programs (“Wrap Sponsors”). These services include security selection and continuous monitoring of securities for wrap program accounts (“Wrap Accounts”). The types of securities used include stocks, bonds, open and closed-end mutual funds, and exchange traded funds (“ETFs”).

WCA provides discretionary investment management services to wrap fee programs (“Wrap Program”) offered by other financial institutions in the U.S. (each, in this capacity, a “Wrap Sponsor”), including our affiliated broker-dealer, Stifel, Nicolaus & Company, Incorporated (“Stifel”). Clients participating in separately managed account programs may be charged various program fees by the Wrap Sponsor in addition to the advisory fee charged by us.

WCA provides investment management services to clients that select WCA to manage their Wrap Accounts. We manage Wrap Accounts in accordance with their investment policies and will use reasonably available resources to comply with investment restrictions, when applicable. There may be differences in the performance of wrap portfolios among WCA clients, resulting from differences in the number of securities held in the portfolio, cash availability, investment restrictions, account sizes, tax considerations, and other factors. The Wrap Sponsor generally pays WCA a fee based on assets managed in connection with the Wrap Program. The fees we receive in connection with Wrap Programs may vary from fees charged to other clients and between Wrap Programs. For our services, we receive a portion of the total wrap fee charged by the Wrap Sponsor.

WCA also provides non-discretionary investment advisory services in the form of model portfolios (“Models”), as described more fully below. These Models are provided to the model programs (“Model Programs”) offered by other financial institutions in the U.S. (each, in this capacity, a “Model Firm”), including Stifel. In turn, the Model Firm uses our Models to manage individual client accounts (“Model Clients”). The Models contain our current investment recommendations as to the composition of the portfolio that would be appropriately purchased for the strategy. The Model Firm may choose to implement some or all of our Model recommendations in both terms of the securities and/or weightings on its own trading platform for the clients that have chosen to participate in the program. As securities and weightings change in the Model, those modifications are communicated to the Model Firm. There is no requirement that the Models will be administered as they are provided, or at all, and we do not supervise the Model Firm’s administration or implementation of the Models. We receive a portion of the wrap fee for these services.

As of December 31, 2019, WCA had \$745.5 million in assets under management and \$3.5 billion in assets under advisement. As of March 31, 2020, WCA had \$2.648 billion in assets under management and \$3.181 billion in assets under advisement. The advisory services of WCA are described in detail below.

## **Item 5 – Fees and Compensation**

WCA has standard fee schedules based on the type of account and/or services provided (for example, wrap account or model delivery) and the particular investment strategy involved. Typically, the standard fee schedules are based on a percentage of the net market values of assets advised using the applicable strategy based on market close prices as of the last business day of the preceding quarter.

The fees WCA receives for its services are a portion of the fee that a client pays to the Wrap Sponsor or Model Firm. The fees WCA receives are negotiated with the Wrap Sponsor or Model Firm, not the investing client. If the Wrap Sponsor or Model Firm prorates its fees based on the time during a quarter in which its client opens an account, WCA's fees also will be prorated. WCA's fees are also affected if the Wrap Sponsor or Model Firm reimburses pre-paid fees in the event such a client terminates an account during a quarter. For complete information on the Wrap Program and Sponsor Firm's fees, please refer to that firm's ADV 2A.

In general, the Wrap Sponsor or Model Firm may terminate our agreement by providing WCA with written notice. Upon termination, WCA would be entitled to receive any fees that have been earned but not yet paid.

WCA's current maximum fee schedule for its strategies is as follows:

Equity strategies: 35 basis points annually

Fixed income strategies: 25 basis points annually

Balanced strategies: 30 basis points annually.

Typically, clients are invoiced their fees directly on a quarterly basis, in advance. For clients with agreements in place in a dual contract relationship through a Wrap Sponsor, WCA may have the authority to deduct fees directly from client accounts. Such authority is explicitly noted in a dual contract client's investment management agreement with WCA. All other fee billing is managed by the Wrap Sponsor or Model Firm.

If an account that pays in advance is closed during a billing period, a pro rata fee is calculated for the time that the account was in existence during the quarter and any unused portion of the advance payment will be returned to the Wrap Sponsor or Model Firm.

Fees of Wrap Sponsor or Model Firms will vary based upon the program. Please see the Wrap Program or Model Firm's Form ADV Part 2A for complete information on fees associated with their particular programs.

### **Fees Negotiable**

From time to time, WCA may negotiate fees with the Wrap Sponsor or Model Firm and its clients depending on, but not limited to, account size, customization, multi-product relationships, the date of establishment of the advisory relationship, or other circumstances or factors that WCA may deem relevant.

Employees (and relatives) of WCA and affiliates typically receive a discount from the preceding

schedules or, in some cases, may not pay an investment management fee at all.

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

WCA does not charge performance-based fees with respect to any of its existing client accounts.

In connection with side-by-side management, a potential conflict may arise both with respect to allocation of time to specific client accounts as well as an incentive to favor certain accounts over others. WCA personnel generally directly manage the applicable strategy rather than any specific account; investment decisions therefore are made at the strategy level rather than based on a client's specific circumstances. Client accounts in the same strategy typically hold the same securities (subject to exceptions arising from the applicable restrictions that a client may have imposed on an account). As a result, the portfolio managers are able to adequately manage their time without regard to the number of client accounts enrolled in a strategy.

Additionally, WCA may take conflicting views on security holdings across strategies, depending upon the strategy's objective. WCA's compensation structure does not favor one strategy over another and is determined on an overall basis, taking into consideration the overall asset management practice.

## **Item 7 – Types of Clients**

WCA generally provides its services to high-net-worth individuals, defined benefit plans, as well as Wrap and Model Programs. The financial advisors to the Wrap Accounts determine the investment amount allocated for their clients in the products or portfolios offered in each respective Wrap Program which utilizes our services.

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

### **Methods of Analysis & Investment Strategies**

WCA's method of analysis varies based upon the investment strategy. Currently we offer the following portfolio strategies:

- **Victory Portfolio** – An all-cap value strategy that seeks to invest primarily in equity securities of domestic and international companies deemed growing, profitable, and well capitalized. The strategy uses a proprietary valuation process which 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. This Portfolio may be appropriate for investors who have a moderate growth investment objective.
- **Rising Dividend Portfolio** – A large cap strategy that seeks to buy quality companies with rising

dividends at reasonable valuations. To be considered a quality company, we look for low debt, stable cash flow, and productive assets, measured as return on invested capital. We generally seek to buy portfolio companies that demonstrate dividend increases for five or more consecutive calendar years. Moreover, we attempt to buy these companies without paying premium prices.

- **Laddered Bond Portfolio (1 – 10 year maturity)** – A strategy that seeks to provide a stream of income with preservation of capital. Bonds are chosen based upon fundamental evaluation of balance sheet quality, trends in cash flow, interest coverage, and liquidity. This Portfolio extends out 10 years with approximately 10% of the Portfolio invested in each year. We seek to invest primarily in high quality corporate bonds. In situations where market conditions are such that an appropriate corporate bond is not available, we may elect to hold a U.S. Treasury bond until an appropriate corporate issue becomes available. This Portfolio may be appropriate for investors who have a conservative, income focused investment objective.
- **Laddered Bond Portfolio (1 – 7 year maturity)** – A strategy that seeks to provide a stream of income with preservation of capital. Bonds are chosen based upon fundamental evaluation of balance sheet quality, trends in cash flow, interest coverage, and liquidity. This Portfolio extends out 7 years with approximately 14% of the Portfolio invested in each year. We seek to invest primarily in high quality corporate bonds. In situations where market conditions are such that an appropriate corporate bond is not available, we may elect to hold a U.S. Treasury bond until an appropriate corporate issue becomes available. This Portfolio may be appropriate for investors who have a conservative, income-focused investment objective.
- **Conquest Portfolios** – These Portfolios seek to add value by actively allocating assets among U.S. equities, bonds, commodities, and foreign assets through the use of ETFs. The Conquest approach aims to reduce overall risk exposure to individual issuers through diversification, to improve liquidity by utilizing highly marketable ETFs, and to maintain a portfolio of many asset classes throughout various market conditions. These Portfolios pursue additional returns by tactically tilting portfolio weights to assets expected to outperform in the coming months while reducing exposure to assets expected to underperform (i.e., tactical asset allocation). This strategy may be appropriate for investors who have conservative, balanced, moderate growth, or aggressive growth objectives. Investors 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.
- **Conquest Alternative Strategies Portfolios** (formerly known as Dynamic Strategies) – The Conquest Alternative Strategies are managed using a low turnover approach, and invest in a broadly diversified global manner, primarily through ETFs and mutual funds, in an effort to gain exposure to multiple asset classes. Portfolio holdings may include domestic and foreign equities, fixed income (both corporate and government debt), and alternative investments (including commodities, REITs, currencies, and other hedged investments). Investors may select between the following Strategic and Active Portfolios, with investment objectives ranging from income to aggressive growth:

- **Strategic Portfolios** – These Portfolios generally are appropriate for investors seeking tax-efficient, passive risk management with low portfolio turnover.
- **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 aimed at anticipating and/or addressing 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 may be appropriate for investors with large investment portfolios who are seeking more active risk management and are willing to accept higher portfolio turnover.
- **Income Builder Portfolio** – This portfolio combines the WCA Rising Dividend and Laddered Bond Portfolio in one account with a target stock and bond allocation of 60% and 40%, respectively. We seek to invest primarily in high quality corporate bonds. In situations where market conditions are such that an appropriate corporate bond is not available, we may elect to hold a U.S. Treasury bond until an appropriate corporate issue becomes available. Please refer to the sections covering the WCA Rising Dividend and WCA Laddered Bond portfolio for a full description of these strategies.
- **Wrap Fixed Income Group** - These strategies incorporate an active top-down management approach that focuses on the management of six key risk factors: 1) duration, 2) yield curve, 3) callability, 4) credit quality, 5) sector and 6) issuer. Targeted strategies, which may incorporate a ladder, will emphasize specific maturity/duration objectives across the yield curve, principal protection, liquidity, credit quality and stable coupon income while also seeking to maximize after-tax total returns if directed by the client. Duration based strategies will develop and maintain portfolio exposures against comparative benchmarks to ensure alignment to client objectives and market risk metrics. The contribution to duration of each factor weighting is actively managed and dynamically shifts a portfolio's mix of securities to balance the tradeoff between risk and return.

## Principal Investment Risks

In general, the types of risks that each investor will be exposed to will vary, depending on the particular Strategy utilized. Investments in securities generally are subject to 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 clients could lose money. Additional risks that may apply include:

- **Equity Securities Risks.** Each Strategy invests in equity securities. Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.
- **Market Risk and Selection Risk.** Market risk is the risk that one or more markets in which our strategies invest will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities that we select will



underperform the markets, the relevant indices, or the securities selected by other strategies with similar investment objectives.

- **Income-Producing Stock Availability Risk.** Depending upon market conditions, income-producing common stock that meets the investment criteria of the Rising Dividend Strategy may not be widely available and/or may be highly concentrated in only a few market sectors. This may limit the ability of this strategy to produce current income while remaining fully diversified.
- **Debt Securities Risks.** WCA Laddered Bond and the Income Builder Strategies invests in debt instruments. Debt securities, such as bonds, may involve a number of risks, including credit risk, interest rate risk, duration risk, and liquidity risk. Credit risk is the risk that the borrower will not make timely payments of principal and interest. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the strategy's investment in that issuer. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities. Interest rate risk is the risk that the value of a debt security may fall when interest rates rise. 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. 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.
- **Smaller Cap Companies Risks.** Many of WCA's strategies invest across market capitalizations and investment styles. Investments in securities of smaller companies may be riskier, more volatile, and vulnerable to economic, market and industry changes than securities of larger, more established companies. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.
- **Master Limited Partnership Risk.** MLPs are interest-rate sensitive investments that may trade in lower volumes and be subject to abrupt or erratic price movements and may involve less control by outside investors and potential conflicts of interest among an MLP and its general partner. MLPs are also subject to different tax rules than other publicly-traded equity securities, which may adversely impact the strategy.
- **REIT Risk.** The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, geographic or industry concentration, economic conditions, and other factors.
- **American Depositary Receipts (ADRs) Risk.** ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying securities foreign issuers. Generally, ADRs, in registered form, are designed for the U.S. securities markets. WCA may invest in sponsored or unsponsored ADRs. In the case of an unsponsored ADR, WCA is

likely to bear its proportionate share of the expenses of the depository and may have greater difficulty in receiving shareholder communications than it would have with a sponsored ADR.

- **Conflict of Interest Risk.** WCA may take conflicting views on security holdings across strategies, depending upon the strategy's objective. WCA's compensation structure does not favor one strategy over another and is determined on an overall basis and takes into consideration the profitability of the overall asset management practice.
- **Prepayment Risk:** Accounts that invest in income securities bear the risk that an issuer will exercise its right to pay principal on an obligation (such as an asset-based or mortgage-backed security) earlier than expected. This may happen during periods of declining interest rates. Under these circumstances, an account may receive a lower-than-expected yield and may be forced to reinvest in lower yielding securities.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. In addition, interest rate changes typically have a greater effect on prices of longer-term fixed income securities than shorter-term fixed-income securities.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Extension Risk:** Rising or high interest rates may result in slower-than-expected principal payments which may tend to extend the duration of a debt instrument, making them more volatile and more sensitive to changes in interest rates.
- **Economic and Market Events Risk:** Global economies and financial markets are becoming increasingly interconnected and conditions and events in one country, region, or financial market may adversely impact issues in a different country, region or financial market.
- **Cybersecurity Risk:** The Firm maybe be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of services attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting ZCM and its service providers may adversely impact clients. For instance, cyber-attacks may interfere with the processing of transactions, cause the release of private information about clients, impede trading, subject clients and the Firm to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers and may cause ZCM's investment in such issuers to lose value.

## **Item 9 – Disciplinary Information**

Neither WCA nor its employees have been involved in any reportable regulatory event or disciplinary action.

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

As set forth above, WCA is a wholly-owned subsidiary of Stifel Financial Corp., a financial services holding company whose stock is publicly-traded on the New York Stock Exchange under the symbol SF. The Stifel Financial Corp. affiliated group of entities includes registered broker-dealers and/or other registered investment advisers. These affiliates include Stifel Nicolaus & Company, Incorporated (“Stifel”); Century Securities Associates, Inc. (“Century Securities”); EquityCompass Investment Management, LLC; 1919 Investment Counsel LLC; and Keefe, Bruyette & Woods, Inc.

WCA provides model portfolios to various affiliates, including Stifel. Stifel is a Wrap Sponsor and Model Firm. Stifel’s wrap fees generally do not vary on the basis of the managers selected. As a result, when the client selects WCA out of all other available options under a Stifel wrap platform, the total portion of the wrap fees that is retained by the Stifel Financial Corp. affiliated group will be higher than when the client selects an unaffiliated adviser.

From time to time, Stifel may separately provide other services to WCA’s clients and/or to the issuers of securities held in WCAs portfolios. In such instances, Stifel generally will be paid separately customary fees for its services. In each such case, the client will receive appropriate disclosure of the affiliated relationship between Stifel and WCA from Stifel.

WCA has adopted policies and procedures designed to address conflicts, including policies restricting WCA’s trading in a security when an affiliate notifies WCA that the affiliate has material non-public information about the security and/or issuer. As a result, WCA may not be able to dispose of a security at a favorable time or take advantage of investment opportunities that would be available to it but for its affiliation with such affiliates.

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

### **Code of Ethics**

WCA has adopted a Code of Ethics (the “Code”) applicable to all supervised persons which is designed to comply with the requirement of both Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”). The Code reinforces the fiduciary principles that govern supervised persons, including:

- Setting forth standards of business conduct that are expected of all supervised persons, which standards reflect WCA’s fiduciary duties to our clients. All supervised persons are required to

acknowledge in writing receipt of the Code of Ethics and any material amendments thereto.

- Requiring compliance with federal securities laws, including (but not limited to) the Advisers Act, the 1940 Act, and the rules thereunder, as well as applicable state securities and/or fiduciary laws. In addition, when managing accounts of employee benefit plans and individual retirement accounts, WCA and all personnel are also required to comply with all applicable provisions of ERISA, the Internal Revenue Code of 1986 and the rules thereunder.

### **Personal Securities Trading and Reporting**

From time to time, WCA's officers, portfolio management team, or other supervised persons may buy or sell securities for their own accounts that are also held in client accounts. Such personal securities transactions may raise potential conflicts of interest when these supervised persons trade at or around the same time as a client account, or in a manner inconsistent with WCA's then-current recommendations to a client. Personal securities transactions by its supervised persons may also raise potential conflicts of interest when WCA is considering the related security for purchase or sale in client accounts.

To mitigate the associated risks, WCA's Code of Ethics is designed to reasonably detect and prevent such conflicts of interest and, when they do arise, to ensure that the supervised person effects the transactions in a manner that is consistent with WCA's fiduciary duty to clients and in accordance with applicable law. To this end, all supervised persons are prohibited from using their position with WCA or any investment opportunities that any such individual learns of because of his or her position, to the detriment of WCA's clients. Additionally, all supervised persons are required to obtain pre-approval from Compliance prior to entering any personal trade in certain security types. In general, all supervised persons are deemed to be access persons.

Supervised persons must submit their completed Pre-Clearance Request Form to Compliance on the date of the proposed transaction, and may not place an order for the purchase or sale of the security until Compliance has approved the transaction in accordance with WCA's Code of Ethics.

Compliance monitors all supervised persons' trading and conducts periodic testing of WCA's procedures to ensure ongoing compliance by all supervised persons. A free copy of the Code of Ethics is available upon request by contacting the Chief Compliance Officer at [WCACompliance@stifel.com](mailto:WCACompliance@stifel.com).

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

WCA or its investment professionals, for themselves or for others, may take the same or conflicting positions in a security in which there has been an investment under WCA's Strategies.

WCA may invest in securities of issuers that one or more of WCA's affiliates have sponsored or promoted. These affiliates may have purchased or otherwise acquired securities or other interests in such issuers on terms different from, and more favorable than, those available to WCA clients.

Affiliates of WCA frequently have access to non-public information about publicly traded companies. When this occurs, WCA may be prohibited from trading an existing position at a time that would be beneficial to WCA's clients, resulting in investment losses or the failure to achieve investment gains. In other cases, WCA may cause the purchase or sale of securities of an issuer at a time when an affiliate or

its employees have material non-information about such securities or their issuers if the affiliates have not otherwise notified WCA of their possession of such information. WCA's affiliates and their respective employees have no duty to make any such information available to us, and WCA has no duty to obtain such information.

## **Item 12 – Brokerage Practices**

WCA generally has discretion over investment selection involving Wrap Program trades. This includes the determination of which positions are to be established, the total amount to be purchased or sold, and which broker will effect the transactions. WCA will generally direct all Wrap Program trades to the respective Wrap Sponsor's trading desk. In the event a Wrap Sponsor does not have a dedicated trading desk for fixed income securities, WCA will execute trades with brokers on its approved broker list and step trades out to be settled at the Wrap Sponsor.

In its capacity as a Model provider to a Model Firm, WCA does not directly engage in any trading activities.

Further, the firm does not have a soft dollar program in place. As a Model provider, WCA will not directly engage in new issue equity offerings.

### **Directed Brokerage and Order Aggregation/Allocation**

WCA will direct Wrap Program trading activity to the designated Wrap Program trading desk. As a result, we may or may not be able to achieve best execution. As it relates to directed brokerage arrangements in general:

- We may or may not be able to achieve best execution when we are directed to use a client's directed broker depending on the directed broker the client has instructed us to use, the proportion of brokerage the client has instructed us to direct, the securities that we are buying or selling for the client account, and/or the fees that client has agreed to pay to the Directed Broker.
- We will generally not negotiate commission rates with the client's directed broker.

Directed brokerage accounts may not generate the same returns as similar, non-directed accounts in the same strategy due to the disadvantages discussed above. From time to time, trade aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all accounts seeking the investment opportunity or a client may be limited in, or precluded from, participating in an aggregated trade as a result of an investment restriction, specific brokerage instructions, or other factors.

WCA will direct its model changes to Model Firms which will then trade to the model, at their own discretion. WCA will not be in a position to confirm that any brokerage transactions made by a particular Sponsoring Firm will achieve the most favorable execution of client transactions.

### **Trade Rotation for Equity Securities**

As it relates to tactical equity trades, WCA will employ a practice of grouping accounts into trading categories ("Trade Categories") which is determined by the nature of the trade execution process. Accounts in each Trade Category will trade together and the Trade Categories will be rotated on a regular

basis. This will result in some Trade Categories trading later than others and thereby potentially receiving different prices for the same securities. The intention of the rotation is to ensure that all clients, regardless of Trade Category, are treated fairly and consistently over time.

### **Principal and Agency Cross Transactions**

A principal transaction occurs when an investment adviser, acting for its own account (or the account of an affiliate) buys a security from, or sells a security to, a client's account. WCA generally does not engage in principal transactions with respect to client accounts, nor will it direct a Wrap Program or Model Firm to make such a transaction. WCA also does not permit the selling of a security from one discretionary client account and the purchasing of the same security in an unrelated client account (cross transaction) unless specifically requested by both the selling and purchasing client.

### **Trade Errors**

WCA employs a standard of care in the delivery of model changes to Model Firms and when directing Wrap Program trading to the Wrap Program trading desk. When an error occurs, WCA takes action to resolve the error with the objective to return the client's account to the position that it would have been in had there not been an error. WCA shall pay to correct any such error and shall reimburse a client for any loss resulting from an error.

### **Item 13 – Review of Accounts**

At least monthly, our personnel review each model's portfolio holdings, position sizes, and industry and sector exposure of the investment strategies to ensure that they are in accordance with the specific investment objectives and restrictions of the related strategy.

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

WCA has entered into an agreement with and compensates a third party firm to refer prospective clients to the firm. Typically, payments for referrals are a percentage of the customary advisory fee received by WCA from the referred client. Thus, the client pays no additional fee to WCA. At the time of solicitation, each referred client is provided with details regarding the referral arrangement before the client signs an advisory agreement with us. Such arrangements create a conflict of interest for the firm making the referral because of the fee the firm will receive for making the referral.

### **Item 15 – Custody**

WCA does not have custody of client funds or securities, nor does WCA have the ability, for certain accounts, to directly debit client accounts. Clients receive account statements directly from their Wrap Sponsor or Model Firm and should carefully review the statements for accuracy.

Our affiliate, Stifel serves as custodian with respect to certain Wrap Program and Model accounts managed by WCA. As wrap sponsor and custodian, Stifel undergoes an annual surprise examination of its accounts that it holds, and also obtains an internal control report from an independent public accounting firm that is registered and subject to regular inspection by the Public Company Accounting Oversight Board. WCA receives a copy of the internal control report issued by such independent public

accounting firm.

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

For Wrap Program accounts, WCA is granted discretionary authority to buy and sell securities in the quantities and at the times it deems appropriate without obtaining prior consent from the client before each transaction.

With regard to model portfolios, WCA does not exercise discretion over the trading for such portfolios. Investment discretion is exercised by the Model Firm.

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

Unless specific voting guidelines or directives are provided by a client, we will typically vote proxies in accordance with the Standard proxy guidelines provided by Egan-Jones Ratings co. (“Egan-Jones”), an independent provider of proxy research and voting recommendations. In addition to maintaining voting records internally, we have also engaged Broadridge Investor Communication Solution, Inc. (“Broadridge”), through the use of its electronic system ProxyEdge, to manage and maintain voting records.

Egan-Jones recommendation guidelines are not exhaustive, do not address all potential voting issues, and do not necessarily correspond with the opinions of WCA. Therefore, there may be instances where WCA may not vote the client’s shares in accordance with the Egan-Jones guidelines. In the event that WCA believes the Egan-Jones recommendation is not in the best interest of shareholders and on those matters for which Egan-Jones does not provide specific voting recommendations, WCA will determine how to vote the proxies. There may be instances when Egan-Jones does not send proxy vote recommendations in a timely manner or recommendations are not available. All proxies by an issuer will typically be voted similarly, unless there is a specific conflict of interest or client guidelines dictate otherwise.

In the event that shares are unavailable due to a securities loan agreement entered into by a client or for any other reason initiated by a client, WCA will not be responsible for voting proxies on the loaned or unavailable shares. Further, WCA is not responsible for voting proxies we do not receive in a timely manner.

WCA maintains records of proxy voting in accordance with the Investment Advisers Act of 1940, and will furnish proxy voting records regarding a client’s securities if so requested by the client. Additionally, a copy of our current proxy voting policies and procedures will be provided upon request. Clients may request a copy of our proxy voting policy, at any time, by e-mailing the Chief Compliance Officer at [WCACompliance@stifel.com](mailto:WCACompliance@stifel.com).

WCA will neither advise nor act on behalf of a client in legal proceedings involving companies whose securities are held in client accounts including, but not limited to, the filings of “Proofs of Claim” in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18 – Financial Information**

Because WCA does not require prepayment of client fees more than six months in advance, we are not required to provide financial statements. WCA does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.



### **408(b)(2) Disclosure Notice**

With respect to retirement plan clients subject to ERISA, WCA serves as a fiduciary to such clients pursuant to Section 3(21) of ERISA and by virtue of being a registered investment adviser providing fee-based advisory services. WCA may provide discretionary investment management services to the portion of plan assets assigned to WCA's management, which services include determining the specific securities in which to invest such plan assets, as well as the specific brokers through which to trade such securities.

***Direct Compensation.*** As set forth in the "Fees and Compensation" above, for its services, WCA accepts compensation in the form of fees. Each client's applicable fees are negotiated and set forth in the applicable investment management agreement pursuant to which WCA manages the plan's account.

***Indirect Compensation.*** WCA does not receive indirect compensation from any of the issuers of securities held in client accounts (such as 12b-1 or similar fees). From time to time, WCA may receive research reports from broker-dealers through which it executes brokerage transactions in a client account. In selecting brokers to execute client transactions, WCA does not base its decision solely on the research provided by such broker; rather, consistent with its fiduciary obligations, WCA selects brokers on the basis of "best execution" considering all relevant circumstances. For more detailed discussion of the factors considered in selecting brokers, see "Brokerage Practices" in this Brochure.