

# Uniform Application for Investment Advisor Registration

## **Stephens Inc.**

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Website: [www.stephens.com](http://www.stephens.com)

## **Private Client Group (“PCG”)**

Programs  
Stephens Advisor  
Professional Wealth Management  
Stephens Managed Assets Program  
Stephens Allocation Strategies  
Stephens Retirement Solutions  
Stephens Retirement Access  
Stephens IA Consulting

**December 15, 2020**

This wrap fee program brochure provides information about the qualifications and business practices of Stephens Inc. If you have any questions about this brochure or its content, please contact us at **877-891-0095** or [www.stephens.com](http://www.stephens.com). 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 Stephens Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Stephens Inc. is a registered investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

**SEC File No: 801-15510**

## **Item 2: Material Changes**

This is an update of Form ADV for Stephens Inc.

Our last update was filed with the SEC on August 31, 2020.

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## Item 4: Services, Fees and Compensation

Stephens Inc. ("Stephens") is an Arkansas corporation, which registered with the Securities and Exchange Commission ("SEC") as a broker/dealer in September 1946. Stephens registered as an investment advisor with the SEC on September 19, 1980 and began providing investment advisory services at that time.

Stephens is a full service broker/dealer and investment bank. In addition to being registered with the SEC, Stephens is a member of the Financial Industry Regulatory Authority ("FINRA"), the New York Stock Exchange, Inc. (NYSE), the NYSE American LLC ("NYSE-AMEX"), the Municipal Securities Rulemaking Board (MSRB), the Investors' Exchange LLC ("IEX"), the Securities Investor Protection Corporation (SIPC) and the National Futures Association (NFA). Stephens derives greater revenues from its broker/dealer and investment banking activities than it derives from its investment advisor activities. Affiliates of Stephens are also separately engaged in financial services businesses, including merchant banking, insurance and investment advisory businesses.

### General Information on Services and Fees

#### Investment Advisory Contract

Entering into an advisory relationship with Stephens involves the execution of an Advisory Contract. The term of the contract is generally for a period of one year beginning on the effective date of the contract, and is automatically renewed for successive additional one-year terms without further action. At the time of entering into such contract, the client has a right to terminate the contract without penalty within five (5) business days after the entering into the contract and receive a full refund of any investment advisory fees paid to Stephens. At any time, either the client or Stephens may terminate the contract without penalty, upon ten (10) days' notice given in writing to the other party hereto.

If the account is to be liquidated as the result of a termination notice, it is understood that Stephens may take up to five (5) trading days to effect liquidation following the date the liquidation request was received by Stephens. Proceeds will be payable to client within ten (10) business days of termination. Upon termination of the contract and payment of all sums, which may be owed under the contract, Stephens shall make such disposition of the managed securities or other property of the client held by it as may be directed by the client.

The client will agree to pay Stephens the reasonable fees, costs and expenses incurred for such disposition and for collection, including attorney fees, of any unpaid balances under the contract. At any time the client can terminate its contract upon the terms without penalty.

#### Restrictions

In Professional Wealth Management ("PWM") and the Stephens Managed Assets Program ("MAP"), you can impose reasonable restrictions on account investments. For example, you may restrict Stephens or the Sub-Advisor from buying specific securities, a category of securities (e.g., tobacco companies) or mutual funds and Exchange Traded Funds ("ETF") shares, collectively known as ("Funds"). If you restrict a category of securities, we will determine which specific securities fall within the restricted category. In doing so, we can rely on Pershing. Any restrictions you impose on individual securities have no effect on Fund holdings since Funds operate in accordance with the investment objectives and strategies described in their prospectuses. In the two programs, the portion of the account that would have been invested in any restricted security or category of securities will be invested in cash or cash equivalents. This will impact the performance of the account relative to an account that is fully invested in securities.

#### Termination of Contract

**Either Stephens or the client may terminate the Advisory Contract or may terminate an account managed pursuant to the Advisory Contract. Upon termination of the Advisory Contract, Stephens will convert your mutual funds to a non-advisory share class. Please see the discussion of "Funds in Advisory Programs" in Section 4.C. below.**

Termination of the Advisory Contract will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination.

#### Termination of Retirement Account Contract

**Either Stephens or the client may terminate the Advisory Contract or may terminate an account managed pursuant to the Advisory Contract. Retirement accounts can be terminated by the client by simultaneously, (1) providing written notice of termination to Stephens and (2) providing Stephens with transfer instructions for the account to another custodian or instructions to distribute the account assets. Distribution of account assets can create tax consequences.**

## **Fees**

You pay a single asset-based fee, charged monthly, that covers the services provided by Stephens. Advisory fees apply to standard accounts and include investment advice, securities execution fees, certain custodial services, associated account reports and investment portfolio reports. This is a “wrap” fee. The maximum annual fee rate is 2.5%, except for MAP which is 2.75%. A minimum fee is assessed per account.

Fees are negotiable based on a number of factors including the type and size of the account and the range of services provided by the Financial Consultant (“FC”). In special circumstances, and with your agreement, the fee charged to you for an account may be more than the maximum annual fee stated in this section.

On occasion, we enter into performance fee arrangements with appropriate clients. Performance fee arrangements compensate Stephens based, in part, on the performance of the client’s account. Only certain clients are eligible to enter into these arrangements under Rule 205-3 of the Investment Advisers Act of 1940, and Stephens has discretion not to accept these arrangements.

### **When are Fees Paid**

The fee is payable monthly in advance. All fees will be deducted from the client’s account, unless otherwise agreed in writing. For more information, contact your FC.

If a percentage fee is used, the initial fee is calculated from the date the account is turned over for trading “turnover date” of the advisory account to the end of the then-current calendar month. The fee is obtained by multiplying the market value of eligible assets placed in the account by 1/12<sup>th</sup> of the applicable annual fee rate(s), prorated for the remaining percentage of the then-current calendar month.

If a percentage fee is used, the fee for any subsequent monthly period will be the amount obtained by computing the market value of eligible assets in the portfolio as of the close of business on the last day the previous month and multiplying the resultant market value by 1/12<sup>th</sup> of the applicable annual fee rate(s).

A prorated fee will be charged when additional assets greater than \$25,000 on a single deposit (or monthly aggregate) are placed in the account, in an amount determined by multiplying the market value of the additional eligible assets placed in the account by 1/12<sup>th</sup> of the applicable annual fee rate(s), prorated for the remaining percentage of the month.

A prorated fee will be rebated when assets greater than \$25,000 on a single withdrawal (or monthly aggregate) are withdrawn from the account, in an amount determined by multiplying the market value of the withdrawn assets from the account by 1/12<sup>th</sup> of the applicable annual fee rate(s), prorated for the remaining percentage of the month.

In the event a client’s account is closed before month-end, fees will be prorated as of the date of termination

Stephens may in its sole discretion pay all or a portion of the above stated fees to other parties involved in providing service with respect to client Account(s) and as permitted by law. No party shall be compensated based on a share of capital gains or capital appreciation of funds or any portion of funds or other investments in the Account. In addition to the “wrap” fee the client may also incur certain charges including among others the following types of charges; other transaction charges, service fees, wire fees and IRA and Qualified Retirement Plan fees. Other parties receive a portion of these third-party fees. Further information regarding charges and fees assessed by other securities sponsors or Sub-Advisors is available in their appropriate ADV.

The portion of the total fee that is typically paid to the FC is between 20% and 50%.

## **Additional Fees**

### **Mutual Funds**

For any mutual fund investments Stephens’ clients invest in, fees are also charged by the mutual fund, as more fully described in the mutual fund’s prospectus. In discretionary accounts, Stephens has discretion to invest client funds in investment company securities in many of its advisory accounts. Individual mutual funds also pay fees to Stephens as a result of these investments. The existence of such applicable fees is disclosed in the Advisory Contract and such fees are more fully described in the fund prospectuses mailed to each client on initial investment. Past performance is no guarantee of future results.

### **Is a Wrap Fee Arrangement for you?**

Stephens PCG Advisory Programs (“Programs”) may cost the client more or less than purchasing such services separately depending upon such factors as trading activity, account size and account minimums for non-wrap accounts.

We encourage you to carefully consider your options in establishing or maintaining an advisory fee-based account. As a general matter, a fee-based advisory account approach may be considered appropriate for clients who rely on investment advice or investment management services or who engage in moderate to high levels of trading activity. A fee-based approach can be more economical for clients who engage in active trading, since the price per trade is reduced as the number of trades increases under a fee-based approach. However, fee-based advisory account arrangements may not be appropriate for clients who rely primarily on their own independent resources and judgments for making their investment selections and decisions and do not wish to purchase advisory services. Excluding the Stephens Retirement Access ("SRA") and the Stephens Retirement Solutions ("RSP") programs, clients who engage in a lower level of trading activity might prefer a traditional brokerage account with a commission payable on each transaction, particularly if the client typically does not utilize advisory services for trading decisions, as transaction cost savings might be realized in the context of a traditional pay-per-trade commission structure. However, retirement accounts are not available through Stephens as brokerage accounts.

Typically, a portion of any revenue that the firm realizes in connection with an advisory account will be included in the calculation of the compensation to be paid by the firm to the FC; and, therefore, the FC will experience conflicts of interest similar to those experienced by the firm.

### ***Account Review***

The FC assigned to your Account is your primary point of contact with Stephens. Your FC should offer to discuss or meet no less frequently than annually with you as an advisory client. Stephens encourages you to contact your FC at any time if you have questions or would like to have additional discussions or meetings.

If you have experienced any changes regarding your finances, investment objectives or risk tolerance, please contact your FC to see if any adjustments are necessary to your investment strategy.

### ***Confirmations, Account Statements and Performance Reviews***

In most cases, Pershing is the custodian of your account and provides you with written or electronic confirmation of securities transactions, and account statements at least quarterly. You will also receive a monthly account statement if you have had activity in your account during the month which will detail the activity and the positions in your account. If you have not had any activity during the month and you have positions in your account, you will receive a quarterly account statement which details the positions in your account. You may waive the receipt of account statements or confirmations after each trade in favor of e-delivery via <https://stephensaccess.netxinvestor.com/web/stephens/login>. You may also receive mutual fund prospectuses, where appropriate.

We will provide you periodic reviews of your account. These show how the account investments have performed on an absolute basis.

Stephens will periodically review client portfolio holdings to determine whether advisory clients who hold mutual fund positions are invested in appropriate share classes for the mutual fund positions in their accounts. In the event 12b-1 fees are received on client holdings, these will be rebated to the advisory client.

## **A. General Description of Program and Services**

### **Stephens Advisor – Non Discretionary**

In the Stephens Advisor ("SA") program, clients receive advice from the FC with individual attention to the client's investment needs and objectives. FCs provide advice to clients utilizing equity strategies, fixed income strategies, balanced strategies, or other strategies, or a combination of strategies. FCs provide advice and make recommendations to clients at client's request or as the FC deems appropriate. FCs in the SA program do not have discretionary authority over client assets, and all transactions in client assets are directed by client or client's designee.

### ***Investment Services***

Stephens shall periodically provide you with investment advice, which can include recommendations regarding investing in available assets in a manner consistent with your investment objectives; and pursuant to your consent, which shall be obtained prior to each transaction, in order to accept transaction in the SA account. Stephens will not provide advice with respect to positions classified as unsupervised assets in the account.

As part of the range of services available to clients in the SA program, advisory variable and fixed annuity contracts may be offered to appropriate retirement investors who are seeking certain income and death benefit solutions afforded by these products.

## **Discretionary Wrap Programs**

In the following types of separately managed accounts, we have the discretionary authority to determine the securities, and the amount of securities, to be bought and sold for our clients without obtaining specific client consent. The discretionary authority regarding investments may, however, be subject to certain restrictions and limitations placed by the client on transactions in certain types of securities or industries or to restrictions or limitations imposed by applicable regulations. Stephens seeks to fully invest cash balances at all times, and many advised strategies include cash as an asset class in which client assets are invested from time to time. Un-invested cash assets are included in the Stephens Insured Bank Sweep Program ("Bank Sweep Program"), or for ERISA or IRA accounts in a money market mutual fund.

## **Professional Wealth Management**

In the PWM program clients receive advice from seasoned professional managers, with individual attention to the client's investment needs and objectives. Stephens or the Professional Wealth Management Financial Consultant ("PWM FC") also provides brokerage and other services to certain clients or engage in other functions and duties associated with Stephens' business as advisor or as broker-dealer, to which they may devote as much time as necessary.

In PWM, Stephens provides investment management services for client assets on a discretionary basis, utilizing strategies that include equity, fixed income, mutual funds, exchange traded funds and, in some cases, alternative investments. The goal of the PWM program is to pursue an investment program to address the client's investment objectives subject to market conditions. In balancing the potential return for a client's portfolio against the risk exposure in the portfolio, PWM FCs consider the risk tolerances of the client, and discuss with the client their investment objectives. The client's stated investment objectives and other information provided by client, leads to an asset allocation strategy designed to seek to achieve returns based on and commensurate with the client's risk tolerance and time horizon, without exposing the client's portfolio to excessive risks.

PWM FC's are responsible for making day-to-day discretionary investment decisions subject to oversight and review by Supervisory Principals. The PWM FC seeks to keep client assets fully invested at all times, and many advised strategies include cash as an asset class in which client assets are invested from time to time. Un-invested cash assets are included in the Stephens Insured Bank Sweep Program ("Bank Sweep Program"), or for ERISA or IRA accounts in a money market mutual fund.

For certain accounts, Stephens obtains model portfolios periodically from outside registered investment advisors or other vendors and utilize these model portfolios as their primary basis for selecting investments for PWM portfolios. Cash balances may exist pending initial investment or may arise from the sale of securities and/or dividend or distribution payments. The fee Stephens pays the selected investment advisors or vendors for model portfolios are typically based upon the amount of assets under management pursuing this strategy.

## **Limited-Discretionary Wrap Programs**

Stephens provides wrap fee programs in which client assets are managed by designated third party investment managers ("Sub-Advisors"). Under these programs, the Sub-Advisor provides discretionary investment management services for the management of client assets. Each client enters into an Advisory Contract with the Stephens. The Sub-Advisor in turn has a separate Sub-Advisory agreement with Pershing. The client pays an agreed fee monthly in advance to Stephens, based on the net value of the eligible assets under management that covers the advisory fees of both Stephens and the Sub-Advisor. Positions allocated to cash as an asset class and un-invested cash assets are included in the Stephens Insured Bank Sweep Program ("Bank Sweep Program"), or for ERISA or IRA accounts in a money market mutual fund.

## **Stephens Managed Assets Program**

MAP is an asset allocation program sponsored by Stephens wherein Stephens manages the account or the client selects one or more participating Sub-Advisors to direct the investment of client's assets. In this program, Stephens acts as the registered investment advisor establishing a separate account for the client. A separate account is a portfolio of individual securities privately managed for the client which includes a mix of equity securities, fixed income securities, cash equivalents and other investments. Where the client chooses to engage one or more Sub-Advisors, the FC will assist in selecting the particular Sub-Advisors to manage or assist Stephens in managing the client's assets based upon the client's investment objective as described below.

### ***The Strategy***

A strategy is customized for the client by using sub-accounts ("Sub-Accounts") which follow a strategy of Stephens or various Sub-Advisors selected by the client. Stephens will recommend Sub-Advisors to the client from the list of Sub-

Advisors, which are included in Stephens' list of available Sub-Advisors for the MAP program. The client's stated investment objectives and other information provided by client, leads in most situations to an asset allocation strategy designed to seek to achieve returns based on and commensurate with the client's risk tolerance and time horizon, without exposing the client's portfolio to excessive risks. Sub-Advisors not currently available through Stephens may be added, at Stephens' sole discretion.

In the MAP Program, certain Sub-Advisors provide Pershing with their recommended Model Portfolios, and Stephens can deviate from the recommended Models if it deems appropriate. In these instances Stephens has discretion over the client's assets in the Sub-Account rather than the Sub-Advisor. Where the Sub-Advisors selected by the client manage client's assets directly rather than through a Model, the Sub-Advisor has discretion over client's account.

Each Sub-Account Advisor will be responsible for complying with all legal and regulatory requirements applicable to its activities as manager of funds in Sub-Accounts they manage.

If Stephens or Pershing removes a Sub-Advisor from the list of Sub-Advisors available through Pershing, Stephens will recommend that the client transfer management of any assets previously managed by the removed manager to a new Sub-Advisor or Sub-Advisors, selected by client and included on the list of Sub-Advisors available through Stephens. Stephens will review the investment activities of the Sub-Advisors in management of assets and provide regular reports on the status and performance of the Sub-Advisors.

Pershing will execute all transactions on Stephens' behalf in client's account following the instructions of the client and/or the designated Sub-Advisor(s), unless the investment is below the minimum amount of shares allowed to trade.

Information about the client is communicated to Stephens and to the Sub-Advisors on the initial opening of the advisory account and from time to time, thereafter. A Stephens New Account Agreement ("Agreement") and Advisory Contract must be completed by each client and maintained by Stephens. The Agreement contains account name and address, investment objective and specific financial information. Client information may be updated from time to time upon notification from the client of any material changes and noted within the client file.

Generally outside managers in the MAP program either provide Pershing with their model portfolio or direct their trading to Pershing for execution. In both of these situations, Pershing executes these trades at no additional charge to the clients because execution charges are included in the "wrap fee" the client pays Stephens. However, to achieve best execution and for other reasons, outside managers have the ability to trade away from Pershing. When outside managers trade away from Pershing, clients will incur additional fees in the form of commissions per share or, for fixed income securities, additional fees per bond or on a per transaction basis which are embedded in the net price you receive. The number of managers in the MAP program that direct trades to other broker-dealers can change as managers are added or removed from the program.

The following equity/balanced strategies in the program have the ability to send trades for execution to broker-dealers other than Pershing, and trades executed away from Pershing will result in commission charges to Stephens' clients in addition to the WRAP fee the client paid to Stephens. These additional charges affected the net performance for the clients' accounts.

The following strategies with Legg Mason Private Portfolio Group, LLC which includes, Legg Mason Balanced Inc. with Municipals, ClearBridge All Cap Growth Balanced, ClearBridge Appreciation Balanced, ClearBridge Appreciation Portfolios Balanced with Municipals, ClearBridge Large Cap Growth Balanced, Legg Mason MDA0 Balanced, Legg Mason Balanced Income Portfolios, Legg Mason Custom Allocation, Legg Mason Global MDA8 Balanced and Legg Mason MDA5 Balanced for the time last two years had the ability to execute transactions away from Stephens with other broker-dealers at an average cost of \$0.00 to \$0.02 cents per share.

Logan Capital Management, Inc. did not have trades executed away from Stephens during the last two years.

### **Sub-Advisor Fees**

Where Sub-Advisors are selected, we, on your behalf, pay a part of the fee we receive from you to the Sub-Advisor for services provided to you. The portion of the asset-based fee paid by Stephens depends upon the asset class, the investment style, the total amount of assets allocated to the Sub-Advisor in the program and the assets in a client account. Stephens generally pays the Sub-Advisors between .25% and 1%.

### **Additional Fees**

MAP program fees are based on the assumption that client assets will be invested directly in securities through a Sub-ADV Part 2A Appendix 1

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Advisor included in the MAP program. The client may experience additional fees if other managers or investment strategies are employed or if a portion of the portfolio is invested in other alternative asset classes (e.g. commodities, venture capital, real estate, hedge funds or others). It is common for alternative asset class managers to use an incentive fee structure in calculating their management fees which could result in higher fees. In any event, Stephens will comply with Rule 205-3 of the Investment Advisers Act of 1940.

## **Stephens Allocation Strategies**

The Stephens Allocation Strategies (“SAS”) program is an asset allocation program sponsored and administered through Stephens whereby the client is offered a strategy of purchasing a portfolio of “no load” or “load waived” mutual funds and ETFs representing a broad spectrum of equities, fixed income, and alternative investment markets through Stephens.

### ***Fund Strategies***

Stephens, acting as the registered investment advisor manages the selection of Funds representing each asset class included in the SAS asset allocation models in the program and establishes standard SAS model asset allocation portfolios for differing risk and time horizon parameters. Ongoing investment monitoring, fund replacement, periodic rebalancing, investment performance measurement are provided by Stephens.

Based on individual consultations with the clients and, their investment objectives, a SAS asset allocation model recommendation is selected by the FC for the client’s account, intended to reflect the investment objectives, risk tolerance and investment time horizon communicated to the FC by the client. Following client’s approval of the recommended asset allocation, Stephens will initiate and Pershing will execute all transactions that are required to manage the client’s account in accordance with such asset allocation. Best execution is sought for all transactions.

Stephens has investment discretion to change the Funds representing any asset class, to add or eliminate asset classes from the asset allocation model and to adjust the standard SAS asset allocation models, all consistent with the client’s investment objectives and other information as communicated to Stephens.

### ***Account Rebalancing/Model Changes***

Your account is automatically reviewed for rebalancing or needed model changes, and if needed, the rebalancing or changes implemented. Rebalancing may involve adding or removing asset categories, which may require selling a fund and/or selecting one or more new funds for the account. In taxable accounts rebalancing may cause a taxable event, and you should consult your tax advisor.

### ***Tactical Rebalancing***

Stephens reviews the account for rebalancing and, if necessary, rebalances it to the then current recommended allocation.

### ***Changes to Funds in the Program***

Stephens adds or removes Funds from the program from time to time in its discretion. Stephens reviews Funds, fund managers and fund companies on an ongoing basis to determine whether Funds should remain in the SAS Program. Stephens may decide to terminate a Fund from the program if in Stephens judgment a change in the Fund company’s organization (such as personnel turnover) or a change in investment strategy process is so material that it is likely to affect the Fund’s performance or its ability to provide the investment style for which it was originally selected. Mutual funds may also determine to discontinue offering their share class through the program or elect to change the share class offered in the program.

Stephens will periodically review client portfolio holdings to determine whether advisory clients who hold mutual fund positions are invested in appropriate share classes for the mutual fund positions in their accounts. In the event 12b-1 fees are received on client holdings, these will be rebated to the advisory client.

## **Stephens IA Consulting**

From time to time Stephens is asked to furnish clients with investment advice through arrangements which involve consultations and recommendations but do not involve trading of securities. In these consulting arrangements a separate Advisory Contract is entered into specifying the scope of the services which will be provided and the fee to be charged. Consulting services may be provided with a fixed fee, an annual fixed fee paid quarterly or an annual fee paid quarterly based on a percentage of the assets subject to the consulting contract. Fees are negotiated in advance and are payable as negotiated and agreed to by the client and Stephens.

**Either party may terminate a consulting contract upon written notice. In the course of providing these services, Stephens may develop and present periodic reports regarding the client’s investments.**

## **Financial Planning Services**

Stephens offers comprehensive financial planning services to its clients in order to assist clients in identifying and striving to achieve their long-term financial goals. The financial plans are prepared in a centralized location by a Little Rock based financial planning team. Stephens does not currently charge for financial planning services.

The client and Stephens jointly review many of the of the client's applicable financial considerations including, but not limited to: time horizon, liquidity needs, risk tolerance, net worth, cash flows, education goals, retirement goals, wealth transfer goals and life & long term care insurance needs.

Stephens provides the client with personalized financial planning and investment recommendations based upon the information provided by the client and the results of the financial plan. The client is under no obligation to act upon the recommendations of Stephens. If the client does elect to act on any of the recommendations, the client is under no obligation to effect the transactions through Stephens.

## **Retirement Advisory Programs**

### **Stephens Retirement Solutions – Non Discretionary**

In RSP, clients receive advice from the FC with individual attention to the client's retirement investment needs and objectives. FCs provide advice to clients utilizing equity, fixed income, balanced or other strategies, or utilizing a combination of strategies. This program is designed for clients with limited trading requirements. FCs in the RSP program do not have discretionary authority over client retirement assets, and all transactions in client assets are directed by the client or by the client's designee.

### ***Investment Services***

Stephens shall periodically provide you with investment advice, which can include recommendations regarding investing in available assets in a manner consistent with your investment objectives; and pursuant to your consent, which shall be obtained prior to each transaction, in order to accept transaction in the RSP account. Stephens will not provide advice with respect to positions classified as unsupervised assets in the account.

### ***Fees***

You pay a single asset-based fee, charged monthly, that covers the services provided by Stephens. Advisory fees apply to standard accounts and include investment advice, securities execution fees, certain custodial services, associated account reports and investment portfolio reports. This is a "wrap" fee. The minimum annual fee is \$150 and the maximum annual fee is \$5,500 based on the eligible assets under management.

### ***When are Fees Paid***

The fee is payable monthly in advance. All fees will be deducted from the client's account, unless otherwise agreed in writing. For more information, contact your FC.

The initial fee is calculated from the turnover date of the advisory account to the then-end of the current calendar month. The fee is obtained by taking the level fee, determined by the eligible assets in the account, and prorated for the remaining percentage of the then-current calendar month.

In the event a client's account is closed before month-end, fees will be prorated as of the date of termination.

The portion of the total fee that is typically paid to the FC is between 25% and 50%.

### ***Termination of Retirement Account Contracts***

Either Stephens or the client may terminate the Advisory Contract or may terminate an account managed pursuant to the Advisory Contract. Retirement accounts can be terminated by the client by simultaneously, (1) providing written notice of termination to Stephens and (2) providing Stephens with transfer instructions for the account to another custodian or instructions to distribute the account assets. Distribution of account assets can create tax consequences.

### **Stephens Retirement Access – Non Discretionary**

**The SRA program is now closed to new investors.**

In the SRA program, clients receive advice from the FC with individual attention to the client's retirement investment needs and objectives. FCs provide advice to clients utilizing equity, fixed income, balanced or other strategies, or utilizing

a combination of strategies. The program is designed for clients with minimal trading requirements. FCs in the SRA program do not have discretionary authority over client retirement assets, and all transactions in client assets are directed by client or client's designee.

### ***Investment Services***

Stephens shall periodically provide you with investment advice, which can include recommendations regarding investing in available assets in a manner consistent with your investment objectives; and pursuant to your consent, which shall be obtained prior to each transaction, in order to accept transaction in the SRA account. Stephens will not provide advice with respect to positions classified as unsupervised assets in the account.

### ***Fees***

You pay a single asset-based fee, charged monthly, that covers the services provided by Stephens. Advisory fees apply to standard accounts and include investment advice, securities execution fees, certain custodial services, associated account reports and investment portfolio reports. This is a "wrap" fee. The annual fee is \$100.

### ***When are Fees Paid***

The fee is payable monthly in advance. All fees will be deducted from the client's account, unless otherwise agreed in writing. For more information, contact your FC.

The initial fee is calculated from the turnover date of the advisory account to the then-end of the current calendar month. The fee is obtained by taking 1/12th of \$100 and prorated for the remaining percentage of the then-current calendar month.

In the event a client's account is closed before month-end, fees will be prorated as of the date of termination.

The portion of the total fee that is typically paid to the FC is 0%.

### ***Termination of Retirement Account Contracts***

**Either Stephens or the client may terminate the Advisory Contract or may terminate an account managed pursuant to the Advisory Contract. Retirement accounts can be terminated by the client by simultaneously, (1) providing written notice of termination to Stephens and (2) providing Stephens with transfer instructions for the account to another custodian or instructions to distribute the account assets. Distribution of account assets can create tax consequences.**

## **B. Comparing Costs**

Depending on the level of trading and types of securities purchased or sold in your account, if purchased separately, you may be able to obtain transaction execution at a higher or lower cost at Stephens other than a fee in these Programs.

## **C. Additional Fees**

In these Programs, you will pay Stephens an asset-based fee for investment advisory and other services provide by Stephens or Pershing. These services include custody of securities and trade executions through Pershing on behalf of Stephens. The program fees do not cover:

- the costs of investment management fees and other expenses charge by Funds and UITs
- "mark-ups", "mark-downs", and dealer spreads that Stephens receives when acting as principal in certain transactions where permitted by law
- brokerage commissions or other charges resulting in transactions not effected through Stephens with Pershing
- account transfer fees
- processing fees or
- certain other cost or changes may be imposed by third parties

As your Introducing Broker Dealer, Stephens can receive or pay compensation for directing order flow in equity securities. Pershing receives compensation for the direction of order flow in certain equity securities and listed options, the source and nature of the compensation, if any, received in connection with trades will be furnished upon your written request to your FC.

### ***Stephens Insured Bank Sweep Program***

The Stephens Insured Bank Sweep Program ("Bank Sweep Program") is available to Stephens' clients through Pershing, and Pershing has appointed Promontory Interfinancial Network ("Promontory") to provide certain services in connection

with the Bank Sweep Program. In the Bank Sweep Program, each bank participating in the program pays a return based on the amount of funds in your Deposit Account at the bank. Your return will be determined by the amount the banks are willing to pay minus the fees paid to Stephens, Pershing and Promontory. Your return will vary based upon prevailing economic and business conditions. Out of the return paid by the banks on your Deposit Account at each bank:

- Pershing and Promontory ("Service Providers") are each compensated for their services by receiving a fixed percentage fee deducted from the return paid by each bank;
- Stephens sets the amount of its fee in its discretion and deducts it from the fees paid by each bank;
- Stephens pays clients the balance of the fee received from each bank as interest.

**The amount of the fees paid to Stephens will affect the interest rate paid on the Deposit Accounts. The fee retained by Stephens will vary but will not exceed two hundred basis points (200 bps or 2.00%), exclusive of the fees paid to the Service Providers. The total amount of the fee Stephens charges affects the amount of interest payable to customers on their Deposit Accounts since the higher Stephens fee is, the lower the amount of interest is paid to Stephens customers.**

**Stephens charges investment advisory fees as a percentage of client assets under management which includes cash assets in the Bank Sweep Program. This means that clients will pay Stephens an investment advisory fee in addition to the fees charged in the Bank Sweep Program which are described above. More information on the current rates of return and fees is available at [www.stephens.com/investment-disclosures/](http://www.stephens.com/investment-disclosures/) which is incorporated herein.**

The interest rates on the Deposit Accounts will vary based upon the aggregate balance of all your "linked" Stephens accounts registered with the same tax ID number. This is referred to as your "Household Balance" and is described in more detail at [www.stephens.com/investment-disclosures/](http://www.stephens.com/investment-disclosures/). The rates and the Interest Rate Tiers may change from time to time. Further information on the Bank Sweep Program is available at <https://www.stephens.com/investment-disclosures/stephens-insured-bank-sweep-program-rates/>. These disclosures are incorporated herein.

The interest rates paid on the Deposit Accounts at a Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts and for investments in the money market mutual funds and other cash equivalent investments available through Stephens. You should compare the terms, interest rates, required minimum amounts, and other features of the Bank Sweep Program with other accounts and alternative investments.

In deciding whether to participate in the Bank Sweep Program, clients should consider the return they are expected to receive versus the safety of the program. Banks participating in the Bank Sweep Program are not selected by Stephens, and each bank participating in the Bank Sweep Program is covered by FDIC deposit insurance up to the applicable FDIC limit. Banks in the program are expected to have acceptable credit but may not have "top tier" credit, and clients should evaluate credit quality and FDIC insurance coverage together with the return they are expected to receive.

### ***Funds in Advisory Programs***

Investing in Funds is more expensive than other investment options offered in your advisory account. In addition to our investment advisory fee, you pay the fees and expenses charged by the Funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the Fund invests in and are reflected in each of the Fund's share price. These fees and expenses are an additional cost to you and are not included in the fee amount in your account statement. Each Fund expense ratio (the total amount of fees and expenses charged by the Fund) is disclosed in the prospectus.

You do not pay a sales charge for purchases of mutual funds in your advisory account. However, some mutual funds charge, and do not waive, a redemption fee on certain transaction activity in accordance with its prospectus.

In many instances, client account assets are invested in money market funds, mutual funds, other investment companies, privately offered investment funds and other collective vehicles (collectively, "Funds"), and these investments have their own fees and expenses which are borne directly or indirectly by their shareholders. Where Stephens or its affiliates act as investment advisor, sponsor, administrator, distributor, selling agent, or in other capacities to such Funds, these Funds are deemed to be "Affiliated Funds." Stephens or a Stephens affiliate receives the fees paid pro rata by all shareholders or partners of Affiliated Funds as described in the Fund's prospectus. Client account assets can also be invested in Funds which are unaffiliated with Stephens or a Stephens' affiliate ("Unaffiliated Funds").

For both Affiliated Funds and Unaffiliated Funds in which Stephens' client assets are invested, Stephens receives

shareholder servicing fees and 12b-1 fees from Funds on an ongoing basis as compensation for the administrative, distribution and shareholder services provided by Stephens. These services include such things as record maintenance, shareholder communications, transactional services, client tax information, reports filings and similar such services. These fees are paid under a plan adopted by the Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended. If Stephens receives 12b-1 fees from a Fund with respect to a client's mutual fund investment in the client's account and the client is paying Stephens an advisory fee on such investment, The 12b-1 fees will be rebated to the client's advisory account. However, in client brokerage accounts which have mutual fund holdings Stephens does retain the 12b-1 fees and shareholder servicing fees paid by the funds on these mutual fund holdings

Stephens has entered into a fully disclosed clearing arrangement with Pershing wherein Pershing will provide certain recordkeeping and operational services to Stephens and to Stephens' clients. The services provided by Pershing will include execution and settlement of securities transactions, custody of Stephens' client accounts and extensions of credit for any margin transactions. This clearing arrangement became effective after the close of business on November 15, 2019. Mutual funds are available to investors in a variety of different share classes all of which carry different expense ratios. Fund share classes that pay higher compensation carry higher expense ratios than share classes of the same mutual fund with lower expense ratios. Investing in a mutual fund share class with a higher expense ratio will negatively impact an investor's return.

Consistent with our fiduciary duty to clients, Stephens will take reasonable steps to ensure advisory clients are invested in share classes of mutual funds with the most appropriate expense ratio for their advisory account. Not all share classes are available to advisory clients of Stephens, and it is possible that cheaper share classes of a fund may be available directly with the fund, not available on the Pershing platform or away from Stephens. Additionally, because of the large number of mutual funds which are offered in an ever changing variety of different share classes, it is possible that investors may not receive cheaper share classes which come available after their initial investment in a fund.

#### ***UITs Sales Charge***

There are characteristically two components of the UIT sales charge: the transactional sales fee and the creation and development ("C&D") fee. The transactional sales fee does not apply to advisory accounts. The C&D fee is paid to the sponsor of the trust for creating and developing the trust, which includes determining the trust objectives, policies, composition and size, selecting service providers and information services as well as providing other similar administrative and ministerial functions. Your trust pays the creation and development fee as a fixed dollar amount at the close of the initial offering period. The sponsor does not use the fee to pay distribution expenses or as compensation for sales efforts.

#### ***Affiliated and Certain Funds***

Clients that invest in mutual funds advised by Hotchkis & Wiley Capital Management LLC ("H&W") or advised/sub-advised by Stephens Investment Management Group LLC ("SIMG") would bear a proportionate share of the fees and expenses of those funds including the management fees, sub-advisory fees or other fees paid to H&W or SIMG. These fees and expenses include commissions or fees, if any, paid to Stephens in connection with portfolio transactions.

Please refer to each mutual fund's prospectus for a full discussion of the fees and expenses of each mutual fund. An affiliate of Stephens has an ownership interest in H&W, and SIMG is under common control with Stephens.

#### ***Custodial Services***

Stephens clearing broker-dealer, Pershing, normally provides custodial account services to Stephens' clients. Custodial services provided by Pershing include custody of securities in your account, periodic statements, certain tax reporting and other similar services. Our clearing firm, Pershing, is a subsidiary of the Bank of New York Mellon Corporation, and is located at One Pershing Plaza, 4<sup>th</sup> Floor – Jersey City, NJ 07399. Pershing will send your account statements, which you should carefully review. In addition to the account statements Pershing sends you, we may send you a quarterly performance report which among other things, lists your account holdings and performance. You should compare our report to the account statements you receive from Pershing. In the event of any discrepancy between our report and any statement you receive from Pershing regarding the same investment, you should rely on the statement from Pershing.

Your account will be subject to the terms and conditions described in the Advisory Contract, Agreement and any separate agreement or agreements executed in connection with the account.

Stephens includes custodial fees for custody services and securities services provided by Pershing within the "wrap" fee charge. If a client's account is under a "wrap" fee Program, commission charges are included as part of the Stephens advisory fee unless the client has selected a third party adviser who "trades away" from Pershing. Clients may engage

an independent custodian. The fees of any custodian other than Pershing are not covered by the “wrap” fee and are the separate responsibility of the client. Clients may direct trading through another broker or other execution venue, and, in such a situation, the client will be responsible for all costs and commissions incurred in connection with such trading.

### ***Pershing Relationship***

Pershing is the clearing firm for our securities business. Due to this business relationship, Pershing shares with us a portion of the transaction costs and fees you pay to Pershing for certain transactions and services. The compensation we receive is an additional source of revenue to Stephens, and it defrays our costs associated with maintaining and servicing client accounts.

Your advisory fee is not reduced or offset as a result of any revenue that Pershing shares with Stephens. The following is a brief description of some of the revenue and other items.

- Pershing pays us on a quarterly basis an Active Account Credit in support of our ongoing investment in various businesses, marketing and technology initiatives relating to the services we offer. This Active Account Credit is based on the total number of Stephens client accounts held on the Pershing platform.
- Pershing also pays us a Basis Point Credit each quarter which is computed based on the total value of Stephens client accounts held on the Pershing platform.
- Pershing also provides consulting and other assistance to us from time to time.
- Stephens receives revenues from Pershing on any investor free credit balances. These revenues are not received by Stephens for free credit balances in ERISA or IRA accounts.
- Stephens determines the margin debit interest rate and receives any amounts paid by customers in excess of the Fed Funds Target Rate plus 85 basis points.
- Stephens determines the interest rate charged to clients who obtain non purpose loans within parameters set by Pershing. [Stephens receives 100 bps of the interest paid on the loan from Pershing except in situations where Stephens has agreed to receive a lesser amount.](#)
- Pershing pays us a placement fee for each CD purchased through Pershing by a Stephens' client.

For the period January 1 through June 30, 2020, Pershing paid Stephens the following revenues:

- A short interest rebate of \$23,627
- Interest based on investor free credit balances of \$83,650
- Margin interest credit of \$783,883
- Active account and basis point credits of \$427,092.

Where Stephens receives compensation from Pershing, this presents a conflict of interest because Stephens and your Financial Consultant have a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation over those investments and services that do not.

The Clearing Agreement between Stephens and Pershing is for an initial term of 10 years, and it provides for a substantial termination penalty in the event Stephens terminates the Clearing Agreement prior to the end of the initial term. At the outset of the Clearing Agreement, the termination penalty was \$15 million, and it declines \$2 million each year to \$5 million in years 6 through the end of the Clearing Agreement. The termination penalty serves as a disincentive for Stephens to terminate the Clearing Agreement in the event Stephens or its clients have a negative experience with Pershing or if Stephens believes another firm offers superior service. This creates a conflict of interest in that it could influence Stephens' decision to remain with Pershing even though it may be in the best interest of Stephens or its clients to terminate the Clearing Agreement.

You should only use the cost basis information provided on your custodial account statements for tax reporting purposes.

Pershing's mailing address is: Pershing LLC; One Pershing Plaza; Jersey City, New Jersey 07399.

For IRA and other retirement accounts, Pershing may charge termination fees pursuant to an adoption agreement you enter into with Pershing, which authorizes Pershing to act as the IRA custodian for Internal Revenue Service purposes. Pershing may resign at any time as the IRA custodian and then you have the right to appoint a successor IRA custodian (Successor).

Where an unaffiliated third party acts as custodian of account assets, Stephens does not have discretion to select where cash reserves will be held. The client and/or custodian will make the selection.

## **ERISA Fees**

Fees charged to accounts of ERISA-covered plans will comply with the limitations made applicable under ERISA.

## **ERISA Section 408(b)(2) Disclosures**

You may be, or may be acting on behalf of, a pension plan governed by the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA section 408(b)(2), requires most parties that provide services to employee benefit plans to disclose certain information to a responsible plan fiduciary. Generally, the service provider must disclose the services that it provides to the plan and the compensation that it expects to receive in connection with the services.

Stephens' disclosures are available at the following web address: [www.stephens.com/ERISA408b2](http://www.stephens.com/ERISA408b2)

**If you are the responsible plan fiduciary, please view the disclosures on this website. If you are not the responsible fiduciary, please forward this information to the responsible fiduciary of the plan.**

**Please review this website periodically for any required updates.**

## **Principal Transactions**

Pursuant to SEC Rule 206(3), Stephens, acting as a principal for its own account, will not knowingly sell any security to or purchase any security from an advisory client, without obtaining the client's prior consent to each such transaction and disclosing the capacity in which it is acting.

As a practical matter, the above requirements impose delays on the time at which principal transactions can be effected for advisory accounts, and thereby can impair the execution quality of such transactions for advisory clients. Accordingly, transactions are generally executed on an agency basis.

Investment advisory clients are advised that they have the option to seek execution of transactions recommended by the FC through broker-dealers other than Stephens. However, on transactions executed through Stephens with Pershing, Stephens or Pershing will not charge a commission to the client, except when an underwriting issue in which Stephens participates is purchased for an account; in this case, the sales concession and underwriting fees are built into the offering price.

Stephens will strive to obtain "best execution" of transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

Transactions in securities in which Stephens acts as a principal will only be effected for clients subject to the client's written consent to such transaction indicating the quantity and dollar amount of the securities being purchased or sold. If Stephens is acting as a principal, Stephens has the potential for profit or loss on securities it sells to or buys from a client.

## **IPO Retail Client Allocations**

Although underwriting initial public offerings ("IPOs") on behalf of corporate and other types of issuer clients is a regular part of Stephens' investment banking business, the frequency, share price, number of shares available, and other characteristics of such offerings vary widely over time. For example, in some years Stephens may participate as an underwriter in no, or only a few, IPOs. Factors that limit IPO product availability to client through Stephens include:

- Market conditions that make raising capital through IPOs less favorable or unfavorable for issuers, such as periods of high market volatility or depressed share prices.
- Alternative investment options for institutional and retail investors that impact overall demand for IPO investments.
- Lack of or diminished investor interest in market sectors in which Stephens' issuer clients operate.
- The availability of capital through other sources such as the private equity marketplace or attractive debt financing alternatives.
- Diminished financial strength and business prospects of particular issuer clients that make them poor candidates for IPOs.
- Lack of specific business needs of particular issuer clients for capital infusions.

In addition, in many instances Stephens will only be a small participant in an IPO underwriting syndicate that is led by another firm or firms and, consequently, will have little or no control or influence over whether, or to what extent, shares in the IPO are allocated to retail accounts and, instead, are directed to institutional clients.

The combination of these factors makes it impractical, if not impossible, for Stephens to determine how much and what

types of IPO product will be available for allocation to its thousands of retail clients client accounts over any extended time period. That, in turn, effectively precludes Stephens from utilizing any type of rotational allocation system designed to ensure that all of its retail client accounts are treated equitably.

Instead of attempting to allocate shares equitably across all retail client accounts, Stephens bases its share allocation decisions on an account-by-account methodology taking into consideration multiple factors, including the following:

- The number of shares available in the IPO for allocation to Stephens' retail clients.
- The customary desire of Stephens' issuer clients to avoid small retail allocations to numerous accounts, which would increase the cost and administrative burden of communicating and dealing with unnecessarily large numbers of investors.
- Share allocation requests received by the Stephens syndicate department from the FCs who manage the firm's retail client accounts.
- The level of sophistication of the FC submitting those allocation requests in evaluating and dealing with IPO investments.
- The stated interest of a particular retail client in participating in IPOs, in general, or in a particular IPO, including the number of shares requested.
- The suitability of the investment for the client, particularly if it is speculative in nature, as is sometimes the case in IPOs.
- Whether the requested IPO allocation would result in an overconcentration of the security in the client's account, resulting in lack of appropriate diversification.
- Whether the IPO investment would be consistent with the investment strategy and objectives agreed to by the client and the FC.
- Any applicable tax considerations.
- Whether the client has adequate liquidity in the account, or otherwise, to fund the IPO investment.
- Whether the FC is able to contact the client on a timely basis and obtain any documentation necessary to participate in the offering.
- Whether based on the client's prior investment practices or discussions with the FC, it appears likely that the client intends to quickly resell the shares in order to obtain short term trading profits as opposed to holding them in order to gain long term appreciation, sometimes referred to as "flipping."

Given the complexity and sometimes subjective nature of this analysis, and the fact that the applicability these considerations may vary with respect to a particular retail client at any given time, Stephens does not attempt to ensure that the allocation of IPO shares across all of its retail client accounts is equitable and does not analyze the fairness of its allocation decisions over time. In practice, some retail client accounts will have far greater access to IPO allocations than others. In fact, based on past experience, only a very small percentage of Stephens' retail clients will participate in IPOs. Nevertheless, clients who are interested in participating in IPOs or a particular IPO are encouraged to advise their FC of such fact.

### ***IPO Related Conflicts of Interest***

**Flipping.** Stephens has a long-standing policy of discouraging its FCs from allocating IPO securities to retail client accounts that appear likely to quickly resell the securities in order to obtain short term trading profits as opposed to holding them in order to gain long term appreciation. Excessive short term trading in the secondary market following an IPO has the potential of causing market disruption and depressing the price of the issuer's securities, both of which would operate to the disadvantage of Stephens' issuer clients. Accordingly, Stephens reserves the right to withhold IPO allocations to retail client accounts that have a history of flipping their IPO securities positions or advise their FC of their intent to flip the IPO securities they wish to purchase in a pending IPO. This policy creates a conflict of interest because, while it favors Stephens' IPO issuer clients and Stephens' long term interests as an underwriter, it may not be in the best interest of a retail client seeking to realize short term trading profits on the client's IPO positions. In addition, Stephens may penalize clients who flip their IPO securities by reducing or eliminating IPO allocations to them in the future.

**Favoring Larger Allocations.** Stephens' issuer clients generally prefer that the underwriting syndicate avoid small retail allocations to numerous accounts, which would increase the cost and administrative burden of communicating and dealing with unnecessarily large numbers of investors. Major items of expense in that regard include the printing and mailing of large numbers of investor communications such as proxy statements and annual reports. Further, Stephens, itself, incurs higher transaction and administrative costs if smaller IPO allocations are spread over a larger number of accounts. This overall situation creates a conflict of interest with respect to Stephens' handling of smaller accounts because larger allocations mean that they will have less opportunity to participate in IPOs and gain the IPO experience that would potentially qualify them for participation in more IPOs.



This methodology also has the potential of increasing risk for IPO investors to the extent that larger allocations would be expected to result in more concentration with respect to these types of typically more speculative securities.

**Advisory vs. Brokerage Accounts.** If a retail client has both an advisory and a brokerage account, it may be in the best interest of the client to purchase IPO securities in the brokerage account. The client would pay the same offering price for the securities irrespective of which type of account is selected for the purchase. However, in a brokerage account no additional charges (in the form of commissions) would be incurred until the time the securities are sold, while in an advisory account the client would incur assets under management fees that could exceed the amount of such commissions depending on the length of the holding period. The risk of this disadvantage occurring is increased by Stephens' policy against flipping, which is designed to encourage longer holding periods.

**Offerings with Less Demand.** Based on Stephens' previously described allocation process, there is a potential that a retail account that does not frequently participate in IPOs may have a greater opportunity to participate in IPOs that prove to be in less demand, particularly if Stephens receives a relatively large allocation for placement with its retail clients. Although Stephens, and its FCs, have limited ability to predict client demand for an IPO in advance of the pricing and effectiveness of the offering, certain of the criteria utilized in allocating shares, such as previous IPO experience and favoring larger allocations, may result in more favorable allocations to larger, more experienced retail accounts in connection with high demand offerings. On the other hand, these factors would be expected to have less of an impact with respect to offerings where there is less demand from retail clients relative to the size of the retail allocation Stephens receives. It is likely, although certainly not guaranteed, that IPOs for which there is high demand relative to supply will perform better in the post-offering market place for at least some period of time.

**Clients That Do Not Have Access.** Stephens relies primarily on its FCs to determine whether, and to what extent, their retail advisory clients are interested in participating in IPOs. Many accounts are simply too small to participate in IPOs when concentration and suitability factors are taken into consideration. And, in practice, only a small percentage of Stephens FC's regularly submit IPO allocation requests on behalf of their clients. In many instances, retail clients are participating in one or more of the Stephens Private Client Group's advisory platforms providing for fee based, discretionary management by the FC, a firm investment committee or a 3rd party money manager. The vast majority of FCs rely on these platforms to achieve appropriate asset allocation for their clients and typically do not offer their clients the opportunity to participate in IPOs. Finally, Stephens FCs, in their discretion, may elect to offer IPO allocations to some clients but not others, and such decisions are unlikely to be reviewed by Private Client Group supervisors or Compliance Department personnel. Given these circumstances, retail clients interested in participating in IPOs should advise their FC of such fact.

In addition to existing programs, Stephens added new platforms for IRA and ERISA accounts. These platforms provide for low cost, level fee charges to clients, and Stephens is not allowed to accept any other compensation with respect to the handling of the account, including the compensation it would receive in connection with the sale of IPO securities. Accordingly, Stephens does not allow these types of accounts to participate in IPOs.

#### **D. Compensation to the Financial Consultant**

If you invest in one of the Programs described in this brochure, a portion of the fees payable to Stephens in connection with your account is allocated on an ongoing basis to your FC. The amount allocated to your FC in connection with accounts opened in one of these Programs may be more or less than other investment advisory programs, or brokerage and other services. The payout to the FC on these programs typically ranges from 20 – 50%.

## **Item 5: Account Requirements and Types of Clients**

### **A. Account Minimums**

Generally, an asset minimum is required for the establishment and maintenance of accounts in the Programs. However, exceptions may be made to this policy in the discretion of Stephens.

The account minimums per program are:

- |                           |           |            |
|---------------------------|-----------|------------|
| ▪ SA                      | \$25,000  |            |
| ▪ PWM                     | \$25,000  |            |
| ▪ MAP                     | \$100,000 |            |
| ▪ SAS                     | \$10,000  |            |
| ▪ SRA Retirement Accounts |           | No Minimum |
| ▪ RSP Retirement Accounts |           | No Minimum |

Stephens or the client can terminate the Advisory Contract at any time following advance written notice. Only those clients we deem in our discretion suitable will be accepted into advisory programs.

#### ***Termination of Retirement Account Contracts***

Either Stephens or the client may terminate the Advisory Contract or may terminate an account managed pursuant to the Advisory Contract. Retirement accounts can be terminated by the client by simultaneously, (1) providing written notice of termination to Stephens and (2) providing Stephens with transfer instructions for the account to another custodian or instructions to distribute the account assets. Distribution of account assets can create tax consequences.

#### **B. Types of Clients**

Stephens' clients include individuals, trusts, banking and thrift institutions, pension and profit sharing plans, plan participants, charitable organizations, corporations, other businesses, state and municipal entities, investment clubs and other entities.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selection and Review of Portfolio Managers and Funds for the Programs**

#### **Selection**

##### ***Stephens Advisor***

SA is a non-discretionary advisory program where the client retains authority to make investment decisions. Stephens does not review, select or recommend portfolio managers. However, the FC must be appropriately licensed and have an acceptable compliance record.

##### ***Professional Wealth Management***

As a general rule, Stephens requires each PWM FC to have a college degree and extensive experience with securities brokers, investment advisors, asset managers, investment bankers, financial institutions, insurance companies, or equivalent institutions. Such standards may be waived in exceptional cases. The PWM FC must be appropriately licensed, have an acceptable compliance record, be approved by their branch managers, PCG senior management and the Chief Operating Officer. All PWM FC are employees of Stephens.

##### ***Stephens Managed Assets Program***

In the MAP advisory program, we offer a wide range of investment strategies provided by Stephens and Sub-Advisors that we have selected and approved. If Sub-Advisors have more than one strategy, we may include only some of those strategies in the program, and may assign different statuses to different strategies.

Our MAP Investment Committee evaluates Sub-Advisors and strategies. Sub-Advisors and strategies may only participate in MAP if they are on the Stephens approved list. Our Investment Committee has developed a disciplined process for evaluating investment managers. Our research is focused on a review of both qualitative and quantitative factors; factors that are designed to deliver a wealth of detailed information about the investment products available through this advisory program.

The client will select investments or an investment strategy or strategies following discussion with Stephens' FC about their investment objectives, the recommended allocation and potential Sub-Advisors with which to implement proposed strategies. When the client approves a proposed strategy, the client's account may be established and assets placed with the agreed Sub-Advisor(s) to operate the plan.

The replacement of Sub-Advisors in a client portfolio may be recommended under the following circumstances:

- Change of client's investment situation or goals;
- Sub-Advisor philosophy changes;
- Sub-Advisor exposes client's account to investment style change;
- Sub-Advisor firm undergoes ownership change or major personnel change;
- Sub-Advisor performance lags peer group benchmarks;
- Stephens, in consultation with client, determines to effect a change; or
- Sub-Advisor holds an unnecessarily large cash position.

### ***Stephens Allocation Strategies***

In the SAS advisory program, we offer a range of models provided by Stephens with a range of mutual funds and ETF that Stephens has selected and approved.

Our SAS Investment Committee evaluates the Funds. Our SAS Investment Committee has developed a disciplined process for evaluating the Funds. Our research is focused on a review of both qualitative and quantitative factors; factors that are designed to deliver a wealth of detailed information about the Funds available through this advisory program.

The replacement of Funds in a client portfolio may happen under the following circumstances:

- Fund's philosophy changes;
- Fund exposes client's account to investment style change;
- Fund and/or firm undergoes ownership change or major personnel change;
- Fund performance lags peer group benchmarks;
- Fund holds an unnecessarily large cash position.

### ***Stephens Retirement Access and Stephens Retirement Solutions***

SRA and RSP are non-discretionary retirement advisory programs where the client retains authority to make investment decisions. Stephens does not review, select or recommend portfolio managers. However, the FC must be appropriately licensed and have an acceptable compliance record.

### ***Review of Portfolio and Performance***

We utilize a portfolio system licensed from a third party to calculate the performance of client accounts and to prepare portfolio performance reports for clients.

To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, Pershing may determine the price in good faith and may use other sources such as the last recorded transaction.

## **Additional Reviews**

### ***Stephens Advisor & Professional Wealth Management***

Performance is evaluated using internal metrics as well as industry standards. Stephens may periodically review performance information to determine compliance with company standards. Performance information to be used for evaluation purposes will not always be calculated on a uniform and consistent basis. The Supervisory Principal periodically reviews performance information to determine compliance, as further discussed in Item 9.

Your FC may use a wide variety of investments in your advisory accounts, including equity and debt securities of various kinds, exchange traded funds, mutual funds and other securities or other pooled investment products. Subject to approval by Stephens you may also consider using margin, short-term trading and option strategies, including but not limited to covered calls and protective puts.

### ***Stephens Managed Assets Program***

To calculate the Sub-Advisor performance, Stephens relies upon performance information provided from the Sub-Advisor included in the MAP program and third party providers, to determine if a manager will fit into a client account. Stephens does not regularly audit the calculation of this performance information to ensure that it is calculated on a consistent basis.

The performance review includes a comparison of the performance of Sub-Advisors with the performance of selected market indices and peer group averages to evaluate the performance of Sub-Advisors or prospective Sub-Advisors over time.

We also perform a quarterly review of the accounts average return for the quarter. We compare the quarterly performance returns for individual accounts to the quarterly performance returns for their peer accounts in the same strategy. We then review "outliers" that have significantly higher or lower quarterly performance returns than the average peer account in the same strategy.

### ***Stephens Allocation Strategies***

The Fund performance review includes a comparison of the performance of the funds with the performance of selected

market indices and peer group averages to assist in evaluating the performance of funds over time.

Throughout the quarter the actively managed funds are regularly monitored for performance, news and participation in conference calls. The SAS Investment Committee meets quarterly to compare the funds on performance to selected investment benchmarks and evaluate other criteria relating to the operation of the funds.

If warning signs are observed, a fund may be subjected to a probationary review and comparative analysis. Warning signs typically are based upon factors such as style inconsistency, manager changes, performance issues or changes in investment philosophy.

Stephens will periodically review client portfolio holdings to determine whether advisory clients who hold mutual fund positions are invested in appropriate share classes for the mutual fund positions in their accounts. In the event 12b-1 fees are received on client holdings, these will be rebated to the advisory client.

### ***Stephens Retirement Access and the Stephens Retirement Solutions***

SRA and RSP are non-discretionary retirement advisory programs where the client retains authority to make investment decisions and are limited trading programs, and accounts in these programs are subject to limits on the maximum number of trades they can engage in. Stephens does not review, select or recommend portfolio managers for these programs.

## **B. Conflicts of Interest**

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

From time to time, we seek to effect a principal transaction between our firm (or an affiliate) and a client. Before buying any security from, or selling any security to, a client, we will obtain the client's prior consent to the transaction and otherwise comply with applicable law concerning the transaction.

American Beacon Stephens Funds® and Hotchkiss & Wiley Funds ("Affiliated Funds") are funds managed by affiliates of Stephens and/or advisors in which affiliates of Stephens have a substantial ownership interest. ERISA accounts and IRA accounts are generally prohibited from investing in these Funds. Other advisory accounts invest in the Affiliated Funds in an appropriate amount if: (1) the manager and the client determine that the investment is suitable for the account, and (2) the client signs an Affiliate Funds Consent Letter ("Consent Letter") prior to directing the purchase of the affiliated fund shares.

Additionally, SIMG serves as one of the investment advisors to the following multi-manager mutual funds using our SMID Select Growth Strategy:

- Vanguard Explorer™ Fund; and
- Bridge Builder Small/Mid Cap Growth Fund

### **Portfolio Management by Advisors Owned or Partially Owned by Stephens**

Stephens may from time to time engage in transactions on behalf of clients with H&W or with SIMG or with mutual funds advised or sub-advised by H&W or SIMG. H&W is an investment advisor registered with the SEC in which an entity under common control with Stephens holds an ownership interest. H&W provides investment advisory services to corporate, pension, public, endowment, foundation, mutual fund and other clients, and H&W also advises its own family of mutual funds. SIMG is an investment advisor registered with the SEC in which affiliates of Stephens hold the entire ownership of voting securities. SIMG provides investment advisory services for separate account clients and for mutual funds known as the American Beacon Stephens Funds® or other funds which may be added from time to time.

H&W advised mutual funds and SIMG advised/sub-advised mutual funds are offered through Stephens' broker dealer services and/or investment advisory division, as part of an investment program.

Clients that invest in H&W advised mutual funds or in SIMG advised/sub-advised mutual funds would bear a proportionate share of the fees and expenses of those funds including the management fees or other fees paid to H&W or SIMG. These fees and expenses include commissions or fees, if any, paid to Stephens and other brokerage firms in connection with portfolio transactions. Please refer to each mutual fund's prospectus for a full discussion of the fees and expenses of each mutual fund.

Stephens sometimes refers clients to Stephens Insurance, LLC, an affiliate of Stephens, for advice pertaining to products that are provided through Stephens Insurance, LLC.

**For further information that pertains to related persons of Stephens, please refer to "Other Potential Conflicts of**

## Interest”.

### ***Other Potential Conflicts of Interest***

Stephens is a diversified financial services company that directly or through affiliates provides a wide variety of investment banking, securities, insurance and other investment-related services to a broad array of clients. These relationships could give rise to potential conflicts of interest. Any of the following types of transactions could present a potential for a conflict of interest.

- Client account assets can be invested in interests of money market funds, mutual funds, other investment companies, privately offered investment funds and other collective vehicles (collectively, “Funds”) for which Stephens or its affiliates acts as investment advisor, sponsor, administrator, distributor, selling agent, or in other capacities (“Affiliated Funds”). In addition, client account assets can be invested in interests of Funds for which Stephens or its affiliates do not act as investment advisor, sponsor, and administrator or in other capacities. Stephens or its affiliates receive fees for services provided to such Funds, which often include (but are not limited to) fees payable under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (“12b-1 fees”) and fees paid to compensate Stephens for providing administrative services, distribution services, shareholder services, investment advisory services or other services to or for the benefit of such Funds. Stephens Inc. as a duly-registered Broker/Dealer, is paid the retail 12b-1 fees for brokerage mutual fund investments. Where 12b-1 fees are received in advisory accounts, these fees are rebated to the client’s advisory account.
- Client account assets are often invested in transactions that involve or constitute a purchase, sale or other dealings with securities or other instruments for which (i) Stephens, (ii) an affiliate or employee of Stephens, (iii) an entity in which Stephens or an affiliate has a direct or indirect interest, or (iv) another member of a syndicate or other intermediary (where an entity referred to in (i), (ii), or (iii), above is or was a member of the syndicate), has acted, now acts, or in the future may act as an underwriter, syndicate member, market maker, dealer, broker, principal, agent, research analyst or in any other similar capacity, whether the purchase, sale or dealing occurs during the life of the syndicate or after the close of the syndicate.
- Although underwriting initial public offerings on behalf of corporate and other types of issuer clients is a regular part of Stephens’ investment banking business, the frequency, share price, number of shares available, and other characteristics of such offerings vary widely over time. For example, in some years Stephens may not participate as an underwriter, or in only a few, IPOs. For factors that limit IPO product availability to clients through Stephens see Item 5(C) Fees and Compensation/IPO Retail Client Allocations/IPO Related Conflicts of Interest for more detail information.
- Stephens or any other broker-dealer that is or may become affiliated with Stephens (the affiliated brokers”), is expected to act as broker or dealer to execute transactions on behalf of client’s account. Client will not be charged a separate fee for brokerage services provided to the Account by affiliated brokers.
- Stephens or its affiliates sometimes effect transactions for client’s account with other accounts for which Stephens or an affiliate provides investment advisory services (“Cross Trades”). Such Cross Trades are intended to enable Stephens to purchase or sell a block of securities at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. Stephens receives compensation from other accounts involved in a Cross Trade.
- Subject to applicable regulations, Stephens or its affiliates sometimes execute “Agency Cross Transactions” for the client’s account. Agency Cross Transactions are transactions where Stephens, or any affiliate of Stephens, acts as broker for both the client’s account and the other party to the transaction. In such transactions, Stephens, or any of Stephens’s affiliates acting as broker, receives commissions from the other party to such transaction, to the extent permitted by law, in addition to its customary investment management or advisory fee for client’s account.
- Clients of other divisions of Stephens or clients of other advisory representatives of Stephens or Stephens, its principals, employees, affiliates and their family members, sometimes hold, and sometimes engage in transactions in, securities purchased or sold for client or about which Stephens gives or has given client advice. The client’s account may purchase as investments securities of companies with which Stephens or its affiliates maintain investment banking relationships or other relationships or securities of companies in which Stephens or its affiliates have an ownership or other investment interest.
- Subject to applicable law, Stephens sometimes pays fees to, and/or shares revenues with, affiliates or non-affiliates in connection with referrals for investment advisory accounts.
- Stephens, or its affiliates, may provide more than one type of service to client (or a related organization), including (but not limited to), investment management services, investment advisory services, financial advisory services, underwriting services, placement agency services, investment banking services, securities brokerage services, securities custodial services, insurance agency services, insurance brokerage services, administrative services or other services, or any combination of services, all on such terms as may be agreed between Stephens (or its affiliate) and client (or its related organization).

- Other divisions and other advisory representatives of Stephens perform investment advisory services for clients other than client and such other divisions or other advisory representatives of Stephens give advice or take action with respect to other clients that is similar to or different from the advice given or action taken for client's account, in terms of securities, timing, nature of transactions and other factors. Stephens will, to the extent practicable, attempt in good faith to allocate investment opportunities among its clients, including client, on a fair and equitable basis. However, other divisions and other advisory representatives of Stephens will not undertake to make any recommendation or communication to client with respect to any security which such other divisions or advisory representatives may purchase or sell (either as principal or for any other client's account) or recommend to any other client, or in which such other divisions or advisory representatives, or their respective principals, employees, affiliates or their family members, may engage in transactions.
- **Both advisory and brokerage clients of Stephens have the ability to borrow money against the collateral value of their accounts with non-purpose loans arranged through Stephens with a third party bank. Stephens receives an administrative fee which is paid by the third party bank in an amount which varies but can be up to 1.35% of the monthly outstanding balance of the client's loan. Part of the administrative fee is passed along to the FC, and this can create a conflict of interest. Since Stephens has not compared rates available elsewhere, clients may be able to obtain lower interest rates on their loans through other banks.**
- Stephens and Pershing and Promontory receive fees and benefits for services provided in connection with the Bank Sweep Program. Stephens offers the Bank Sweep Program as a service and is not obligated to offer you this or any sweep product or to make available to you a sweep product that offers a rate of return that is equal to or greater than other comparable products or investments. Stephens has an economic incentive to make available to our clients sweep options that are more profitable to us than other sweep options.  
Each Bank will pay Stephens a fee equal to a percentage of the average daily deposit balance in your Deposit Accounts at the Bank. Because the Banks pay different amounts, the compensation paid to Stephens will vary from Bank to Bank. Because the interest rates paid to clients are subject to tiers based on the aggregate value of accounts within the client's Household Balance, Stephens's compensation rate is higher on client's cash in lower interest rate tiers and lower on client's cash balances in higher rate tiers. The differences in Stephens' compensation from Bank to Bank is intended to ensure that all clients receive the same rate of interest on their Deposit Accounts for their respective interest rate tiers, regardless of the Banks at which the Deposit Accounts are held. Stephens may reduce its fee and may vary the amount of the reductions between clients.  
Stephens determines its own fee and is compensated by deducting a percentage of the rate paid by Banks for fees paid in connection with the Deposit Accounts. Any increase in Stephens' fees will decrease the interest that you will receive in connection with the Deposit Accounts and any decrease in Stephens' fees will increase the interest that you will receive in connection with the Deposit Accounts. Therefore, Stephens has a conflict of interest with regard to the Bank Sweep Program as any increase in the fee Stephens chooses to receive will decrease the amount of interest received by customers. The fee will vary from Bank to Bank.

**The interest rate tiers create a conflict of interest, as it incentivizes Stephens to execute buy transactions in your account prior to the first business day following the fifteenth (15th) of the month, and sell transactions after the first business day following the fifteenth (15th) of the month, therefore permitting Stephens to retain more of the fee payable on the Deposit Accounts.**

Stephens charges advisory accounts an investment advisory fee based on a percentage of client assets. In computing your investment advisory fee, cash balances in the Bank Sweep Program are included in the assets of your account when calculating the investment advisory fee earned by Stephens for management of your account. Therefore, Stephens is paid both its fee from the Banks on the Bank Sweep Program balance in your account, and, **in addition**, Stephens earns an investment advisory fee for your total balances in your account, including your balance in the Bank Sweep Program. This creates a conflict of interest, as Stephens earns more from Bank Sweep Program balances in investment advisory accounts than it would if such balances were held outside of the Bank Sweep Program or outside of the investment advisory account entirely, creating an economic incentive for Stephens to retain advisory assets in cash in the Bank Sweep Program.

Your Financial Consultant does not receive a portion of the fee paid to Stephens by the Banks.

#### ***Conflict of Interest with Personal Trading and Client Trades***

To minimize potential conflicts of interest, advisory personnel who determine or approve what recommendations will be made for client accounts will not participate in Stephens' proprietary trading activities and will not know what trading strategies are employed for its proprietary accounts.

It should be noted, however, that Stephens allows purchases to be made in the marketplace by its employees of securities

owned by any client account, provided that such purchases are made in amounts consistent with the normal investment practice of the person involved. Such purchases must be made after the investment advisory accounts managed by such employee (or in the management of which such employee participates) has completed its transactions in such securities. Under certain circumstances, employee transactions may be permitted prior to full completion of investment advisory division's transactions. Such exceptions require prior approval of the appropriate Preclearance Officer and will only be granted after considering factors such as the time element involved in filling the order, market considerations, etc.

### ***Stephens Personal Trading***

Stephens' personnel may not participate in IPOs. All employees are required to maintain their personal accounts and accounts in which they have a beneficial interest at Stephens unless the account has been specifically exempt in writing from this requirement. Stephens' employees are required to provide copies of all of their trade confirmations and brokerage account statements to Stephens' Compliance Department in order to permit the monitoring of compliance with personal trading policies and restrictions. Additionally, FCs are required to report all personal securities transactions no less than quarterly. Stephens' Code requires employees to report violations of the Code to Stephens Chief Compliance Officer – Investment Advisory.

## **C. Portfolio Management Description of Advisory Services**

Stephens's investment advisory services seek to tailor an investment program for the financial goals and objectives of a particular client. When we are engaged as an investment advisor, the client typically pursues one or more of our investment strategies. Clients may impose investment restrictions on their accounts, such as restrictions on investing in particular securities or types of securities or restrictions on investing in particular industries.

Except with respect to the payment of the fees or service charges or for correction of errors, Stephens is not authorized to withdraw or transfer any money, securities, or property out of a client's account, without authorization from the client.

Client acknowledges and understands that brokerage or securities transaction execution services provided by any person or entity other than Stephens or Pershing are separate from and in addition to the "wrap" fee for the account. Additionally, regular service charges shall apply to client's account for brokerage services other than securities execution services provided by Stephens.

Stephens and its affiliates performs advisory and/or brokerage services including investment reporting for various clients, and Stephens gives advice or take actions for other clients that differ from the advice given or the timing or the nature of any action taken for your account. In addition, Stephens may, but is not obligated to, purchase or sell or recommend for purchase or sale any security which Stephens or any of its affiliates may purchase or sell for their own accounts or the account of any other client.

### **Stephens Insured Bank Sweep Program**

Stephens makes available to clients whose accounts are custodied at Pershing the opportunity to participate in the Bank Sweep. In this program all of the uninvested cash in a client's account is automatically deposited, or "swept" into FDIC insured, interest-bearing deposit accounts at one or more banks which participate in the Bank Sweep Program. None of the banks participating in the Bank Sweep Program are owned by or affiliated with Stephens. When a client signs an account agreement with Stephens, participation in the Bank Sweep Program is automatic unless the client elects not to participate and "opts out" of the Bank Sweep Program. For more information about the Bank Sweep Program please review these important disclosures at [www.stephens.com/investment-disclosures/](http://www.stephens.com/investment-disclosures/) which are incorporated by reference into this Form ADV Part 2A.

Stephens offers the Bank Sweep Program as a service and is not obligated to offer this or any sweep product or to make available to a sweep product that offers a rate of return that is equal to or greater than other comparable products or investments. The interest rates paid on Deposit Accounts at a Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts and for investments in other cash equivalent investments through Stephens.

The Bank Sweep Program is not available to ERISA plans with accounts at Stephens such as employee benefit plans, retirement plans, defined contribution plans, defined benefit plans, (collectively, "ERISA accounts") or to traditional and rollover IRA Accounts, Roth, SEP, SIMPLE and inherited individual retirement accounts ("IRAs"); Keogh plans; and Coverdell education savings accounts. Uninvested cash in ERISA and IRA accounts is swept into a money market mutual fund.

**The Bank Sweep Program is designed to temporarily hold cash balances in your investment account, and is not**

**designed to act as retail bank account, nor a long-term, ongoing investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your Stephens account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, please contact your FC to discuss investment options that are available outside of the Bank Sweep Program to help maximize your potential return consistent with your investment objectives, liquidity needs and risk tolerance. Please note, however, that available cash accumulating in your Stephens account will not be automatically swept into any investment you purchase outside of the Bank Sweep Program.**

Nothing obligates you to participate in the Bank Sweep Program. You may receive a higher rate of return through products offered outside the Bank Sweep Program, including Money Funds offered through your account with Stephens and Pershing.

Each Deposit Account constitutes a direct obligation of the Bank and is not directly or indirectly an obligation of Stephens or Pershing. Stephens and Pershing do not guarantee in any way the financial condition of the Banks and are not responsible for any insured or uninsured portion of a Deposit Account.

Stephens and Pershing will not charge commissions on securities transactions that are executed through Stephens with Pershing for these accounts. Your account would be responsible to pay any commission charges imposed by any other brokerage firm on any securities transactions executed through any other brokerage firm, and such charges would be in addition to the "wrap" fee and any other applicable charges incurred by your account. By executing trades through Stephens with Pershing, your account might forego benefits, such as participation in block trades or negotiated transactions that might be available through other brokerage firms.

### **Wrap Fee Programs**

In addition to other indications of individual ownership, including the right to withdraw, hypothecate, vote, or pledge securities held in the wrap fee client's account, a wrap fee advisory client has the ability to place limitations and/or restrictions on the investments in their portfolio. Where restrictions are imposed, Stephens will not knowingly make any discretionary investments of the client's portfolio assets in violation of these restrictions, but the investment performance of the client's account will likely differ (positively or negatively) from other clients following a similar investment strategy, that is not subject to the same restrictions. The minimum account size for wrap fee programs vary from program to program, and a person considering a wrap fee program should review the ADV for details regarding the operation of the program, its risks, fees, and other charges. The entire wrap fee is paid to Stephens for its services relating to each wrap fee account.

In determining the suitability of an investment strategy for a particular wrap fee program client, we rely on the information provided by the client regarding the objectives of the client for each account. This information comes from, among other sources, personal interviews with the client and written questionnaires completed by the client and other communications with the client or its representative regarding the client's situation, investment objectives, risk tolerances and investment restrictions, if any. Our strategies are not appropriate for all investors, and investors should only invest a portion of their portfolio in these Programs.

In certain Programs, we have the discretionary authority to determine the securities, and the amount of securities, to be bought and sold for our clients without obtaining specific client consent. The discretionary authority regarding investments may, however, be subject to certain restrictions and limitations placed by the client on transactions in certain types of securities or industries or to restrictions or limitations imposed by applicable regulations.

### **Performance-Based Fees and Side-By-Side Management**

Stephens typically charges clients an investment advisory fee based on the value of the assets in the client's account. On occasion, Stephens enters into performance fee arrangements with appropriate clients as discussed below. Only certain clients qualify for performance fee arrangements which compensate Stephens based, in part, on the performance of the client's account.

All fees are negotiable and vary depending on the size of the investment, the nature of the services to be rendered by Stephens to the client, and other factors. Performance fees are typically invoiced annually.

Stephens only enters into performance fee arrangements with certain clients which are eligible to enter into these arrangements as defined in Rule 205-3 under the Investment Advisers Act of 1940 and in accordance with the requirements set forth in applicable laws, rules and regulations, and these arrangements are negotiated with the client on an individualized basis. The performance fee arrangement could create an incentive for Stephens to seek to maximize the investment return by making investments that are subject to greater risk, or are more speculative, than would be the case if Stephens' compensation were not based upon the investment return or could create an incentive for Stephens to



seek to limit investment returns by pursuing investments with reduced risk. With a performance fee arrangement Stephens' fee is, in part contingent upon the returns on the client's assets, which is computed based upon unrealized and realized appreciation or depreciation of client's assets. This gives Stephens an incentive to favor performance with investment opportunities and therefore creates a conflict for Stephens.

Accounts participating in a performance fee arrangement may pay Stephens more compensation, or less compensation, when compared to standard fee rates. Performance fee arrangements are not available for all investment accounts and must be approved by Stephens on a case-by-case basis. Performance fee rates are negotiable. A client may negotiate a base fee rate, performance fee rates, an index to be used to calculate the performance fee, or the use of no index in calculating the performance fee.

Any performance fee that Stephens charges is intended to comply with Rule 205-3 and other applicable requirements under the Investment Advisers Act of 1940 (the "Adviser's Act"). Stephens has an incentive to favor accounts which it charges a performance fee over other types of client accounts by allocating more profitable investments to performance fee accounts or by devoting more resources toward the accounts' management. Stephens seeks to mitigate the potential conflicts of interest which arise from managing accounts that bear a performance fee through its policies and procedures, including those related to investment allocation, and by complying with the provisions of Rule 205-3 as stated above. Stephens has discretion not to accept these arrangements.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

We utilize street and independent sources for our research, but it is not the sole basis of our investment decision making process. Other sources of information we utilize can include industry data obtained from subscription services, company filings, street research and models. We utilize these services for real-time news and pricing. We also utilize other independent research sources for quantitative reports that measure such things as price changes, growth rates, profitability, valuation, earnings surprises and earnings revisions. These quantitative reports are used to help identify new securities that meet our investment criteria and to monitor existing holdings.

Under certain Programs, such as PWM, your FC may currently provide investment advisory services for your discretionary portfolio. Your FC has the flexibility to adapt strategies to a changing financial environment while keeping your goals and objectives in mind.

Investing in securities involves risk of loss that clients should be prepared to bear. The material risks associated with our strategies are:

**Alternative Investments** - Investing in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Certain alternative investment products place substantial limits on liquidity and the redemption rights of investors, including only permitting withdrawals on a limited periodic basis and with a significant period of notice and may impose early withdrawal fees. Investing in alternative investments is intended for experienced and sophisticated investors only who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks include: loss of all or a substantial portion of the investment due to leveraging, short selling, or other speculative practices; lack of liquidity, in that there may be no secondary market for the fund and none expected to develop; volatility of returns; restrictions on transferring interests; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and advisor risk. Alternative investment products typically have higher fees (including multiple layers of fees) compared to other types of investments. Individual funds will have specific risks related to their investment programs that will vary from fund to fund.

**Debt Obligations** - Investing in debt (bond) obligations entails additional risks, including interest rate risk such that when interest rates rise, the prices of bonds and the value of bond funds shares can decrease and the investor can lose principal value.

**Equity Market Risk** – Overall stock market risks affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

**Foreign Debt Obligations** - Investing in foreign debt obligations entails additional risks, including those related to regulatory, market or economic developments, foreign taxation and less stringent investor protection and disclosure standards.

**Foreign Securities** - Investing in foreign securities presents certain risks that are not present in domestic securities. For example, investments in foreign and emerging markets present special risks including currency fluctuation, the potential

for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. In addition to the greater exposure to the risks of foreign investing, emerging markets present considerable additional risks, including potential instability of emerging market countries and the increased susceptibility of emerging market economies to financial, economic and market events.

**Money Market Risk** - An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Yields will vary. Yield quotations more closely reflect the current earnings of the fund than the total return.

**Management Risk** - Our judgments about the attractiveness and potential appreciation of a particular asset class, mutual fund or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The price of an individual security can be more volatile than the market as a whole and our investment thesis on a particular stock may fail to produce the intended results.

**Options Risk**- Options involve risk and are not suitable for all investors.

**Small Cap and Mid Cap Company Risk** - Investing in small cap and mid cap issuers involves a significantly greater risk than investing in larger, more established companies. The daily trading volume for small cap and mid cap issuers can be much lower than for more widely held, established companies. There may be periods when it is difficult to invest in or liquidate portfolio investments for our various investment strategies. This is particularly the case when breaking news on a company occurs or when significant market forces and events occur. In addition, small and mid-cap companies are more vulnerable to economic, market and industry changes. Because smaller companies often have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

**Investors should only invest a portion of their total portfolios in these securities, and investors should be prepared to lose their entire investments.**

***Certain Risks Associated with Cybersecurity.***

With the increased use of technologies such as the Internet to conduct business, investment advisors, including Stephens rely in part on digital and network technologies (collectively, “cyber networks”). These cyber networks are susceptible to operational, information security and related risks and can be at risk of cyber-attacks. Cyber-attacks could seek unauthorized access to cyber networks for the purpose of misappropriating sensitive information, corrupting data, or causing operational disruptions.

Cyber-attacks can potentially be carried out against the issuers of securities you have invested in, against third party service providers, or against Stephens itself by persons using techniques that range from efforts to circumvent network security, overwhelm websites, and gather intelligence through the use of social media in order to obtain information necessary to gain access to cyber networks. Although cyber-attacks potentially could occur, Stephens and Pershing maintains an information technology security policy and technical and physical safeguards intended to protect the confidentiality of internal data.

**Bank Sweep Program**

**If you have on deposit through the Bank Sweep Program an amount of cash that exceeds the number of Banks multiplied by \$250,000, the balances in excess of this amount will not be insured by the FDIC. In the event of a failure of a bank participating in the Bank Sweep Program, there may be a time period during which you may not be able to access your cash. If you have cash at a bank outside the Bank Sweep Program, this may negatively impact the availability of FDIC insurance for the total amount of your funds held within and outside the Bank Sweep Program.**

**Financial Consultants or Stephens Acting as Portfolio Manager**

***Stephens Advisor***

In this program, FCs or supervised person of Stephens do not act with discretion.

***Professional Wealth Management***

In connection with the PWM program, the PWM FC has discretionary authority to manage the assets in the account and authorizes Stephens to make such trades of securities or other property in the exercise of its discretion which it or the

PWM FC determines to be appropriate based upon the investment objectives of the client.

### ***Stephens Managed Assets Program***

In connection with the MAP program, Stephens or the Sub-Advisor has direct discretion to buy or sell securities for the client accounts. In an account managed according to a model provided by a Sub-Advisor, Pershing would have authority to make the trades required to follow the model portfolio provided by the Sub-Advisor. In incidences where Stephens is designated as the Sub-Advisor for the client's account under the MAP program, Stephens shall have sole discretionary authority to buy or sell securities for the client accounts. Pershing shall execute trades pursuant to instructions of the investment Sub-Advisors of the account. Each client will designate Stephens or one or more investment Sub-Advisors participating in the MAP program to manage portions of the account. Each investment Sub-Advisor shall have discretionary authority, subject to the client's instructions or investment guidelines, to buy, sell and trade securities in each account managed by such investment Sub-Advisor, including but not limited to authority to reinvest dividends and other income distributions on a similar basis. Each client may from time to time request a modification of the portfolio allocation, change the investment Sub-Advisors or withdraw assets from the MAP program, subject to applicable account size minimums established by Stephens and Sub-Advisors from time to time and subject to limitations adopted by Stephens and Sub-Advisors on the frequency of such changes.

Non-model provided Sub-Advisors on your account may receive duplicate periodic statements to assist in transaction, analysis, reporting and other account servicing responsibilities.

Information about the client is communicated to Stephens and to non-model provided Sub-Advisors on the initial opening of the advisory account and from time to time, thereafter. An Agreement and Advisory Contract must be completed by each client and maintained by Stephens. The Agreement contains account name and address, investment objectives and specific financial information. Client information may be updated from time to time upon notification from the client of any material changes and noted within the client file.

### ***Stephens Allocations Strategies***

In connection with the SAS program, Stephens has discretionary authority to buy or sell securities for the client account. Each client will designate Stephens to manage its SAS account. Stephens shall have discretionary authority, subject to the client's instructions or investment guidelines, to buy, sell and trade fund securities for client's SAS account, including but not limited to authority to reinvest dividends and other income distributions on a similar basis and to rebalance client portfolios on a periodic basis. Each client may from time to time request a modification of the asset allocation or withdraw assets from the SAS program, subject to applicable account size minimums established by Stephens from time to time and subject to limitations adopted by Stephens on the frequency of such changes. Except with respect to the payment of applicable fees or service charges or other obligations owed to Stephens, or for correction of errors, Stephens is not authorized to withdraw or transfer any money, securities, or property out of a client's account, without authorization from the client.

### ***Stephens Retirement Access***

In this program, FC or supervised person of Stephens do not act with discretion.

### ***Stephens Retirement Solution***

In this program, FC or supervised person of Stephens do not act with discretion.

### ***Investment Advisory Proxy Policies***

For proxy voting directed by Stephens, it is Stephens' policy to vote proxies on securities that are owned in an account and held in custody by Pershing for the account and to utilize Investment Advisory policies and procedures, which are reasonably designed to vote client securities in the best interests of the client and to address how potential conflicts of interest are handled.

Stephens' proxy voting policy is to vote in favor of actions recommended by the issuer's Board of Directors, unless the FC disagrees with the proposed action and elects to vote the shares against the recommendation of the Board of Directors.

If there is not a Board of Directors recommendation on a proposed action, then the FC will determine whether to vote for, against or abstain.

If the client chooses to custody their securities away from Pershing it will be the responsibility of the client to vote or to arrange for the voting of their proxies.

### ***Stephens Advisor, Stephens Retirement Access and Stephens Retirement Solutions***

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Stephens will not take any action with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the client may be invested from time to time, except to provide proxy materials to client.

Stephens will have no power, authority, responsibility or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in the client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

### ***Professional Wealth Management***

It is Stephens' policy to vote proxies on securities that are owned in a discretionary account and held in custody by Pershing as stated under the Investment Advisory Proxy Policies above.

### ***Stephens Managed Assets Program***

Proxy voting on securities managed by a Sub-Advisor is to be directed by the Sub-Advisor managing such investment. Proxy voting on securities managed pursuant to a model portfolio provided by a Sub-Advisor are generally directed by Stephens.

### ***Stephens Allocation Strategies***

It is Stephens' policy to vote proxies on securities that are owned in a discretionary account and held in custody by Pershing as stated under Investment Advisory Proxy Policies above.

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

On an annual basis Stephens will disclose to affected clients any identified potential material conflicts of interest by providing a list of said conflicts electronically or by mail.

Where Stephens has identified a specific potential material conflict of interest relating to one or more matters to be voted on by shareholders, Stephens: (1) will notify affected clients of the potential conflict of interest, (2) will disclose how the proxy will be voted absent a voting direction from the client, and (3) will give affected clients the opportunity to vote the proxy themselves. Stephens will maintain a record of the voting resolution of any conflict of interest.

### ***Corporate Actions and Other Matters***

From time to time there may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which Stephens may take action that it deems appropriate in its best judgment except to the extent otherwise required by agreement with the client. These actions include, for example and without limitation, responding to tender offers or exchange offers, bankruptcy proceedings and proposed class action settlements. However, Stephens will have no power, authority, responsibility or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in the client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

### ***Investment Advisory Proxy Voting Procedures***

Stephens' procedures to implement the Firm's proxy voting policy, is as follows:

- Proxy materials are received on behalf of clients in Stephens' Reorganization Department ("Reorg Department").
- A Proxy Voting Notice which includes a link to the proxy voting materials is sent by the Reorg Department via e-mail to the respective advisory area. This Proxy Voting Notice will be used to instruct the Reorg Department as to how to vote the shares.
- Stephens will vote the proxy through the Reorg Department in accordance with applicable voting guidelines, either by electronically voting or by mailing the proxy in a timely and appropriate manner.
- Unless the responsible FC or Investment Committee loses confidence in management of the issuer or the client directs the vote, Stephens will vote the shares as recommended by the Board of Directors of the issuer;
- If there is not a Board of Directors recommendation on a proposed action, then the FC will determine whether to vote for, against or abstain.

### ***Proxy Information***

Stephens will make available information of the firm's proxy voting policy and procedures including information regarding how Stephens voted proxies, if requested. In response to any request as to how the client's proxies were voted, the Chief Compliance Officer – Investment Advisory or his designee would provide the information to the client.

## Item 7: Client Information Provided to FCs and Sub-Advisors

Stephens's advisory programs are available to individuals, banks, foundations, pension and profit sharing plans, trusts, IRA's, endowments, corporations, partnerships and other entities requiring investment advisory services. Stephens' investment advisory services business is focused on high net worth individuals, foundations and businesses. We provide investment advice to individuals, trusts, to boards and retirement systems for various governmental pension and retirement plans, to corporate pension and retirement plans, to various foundations and private entities. Our investment include equity securities, fixed income securities, mutual funds, exchange-traded securities and other types of securities

Additionally, we advise wrap fee accounts in various programs sponsored by affiliated and unaffiliated investment advisors. The Sub-Advisor typically establish a minimum account size for each strategy, and you should refer to the Sub-Advisor's wrap fee brochure for a discussion of minimum account sizes and whether the minimum account size can be waived.

### **Stephens Advisor, Professional Wealth Management, Stephens Managed Assets Program, Stephens Allocation Strategies, Stephens Retirement Access and Stephens Retirement Solutions**

Information about the client is communicated to the FC on the initial opening of the advisory account. An Agreement is completed reflecting information provided by the advisory client, and maintained by Stephens. The Agreement contains account name and address, investment objectives and specific financial information. Advisory account information is updated upon notification from the advisory client of any material changes and noted within the client file. The FC assigned to advise the account has access to the client's data maintained by Stephens.

For the MAP program the same information will be sent Sub-Advisor at the time the account is opened and upon request thereafter where the Sub-Advisor is trading for client's account rather than providing its model portfolio to Pershing.

## Item 8: Client Contact with FCs

### ***Client Meetings***

The FC assigned to the client's account is the client's primary point of contact with Stephens. The FC offer to discuss or meet no less frequently than annually with advisory clients. Clients are encouraged to contact the FC at any time if they have questions or would like to have additional discussions or meetings.

If you have experienced any changes regarding your financial situation, investment objectives or risk tolerance, please contact your FC to see if any adjustments are necessary to your investment strategy.

### ***Sub-Advisor Contact***

Although clients are not prohibited from directly contacting Sub-Advisors in the MAP program, clients are encouraged to use their FC as their primary contact.

## Item 9: Additional Information

### **A. Disciplinary Information**

Stephens Inc. voluntarily participated in the Securities and Exchange Commission's Share Class Selection Disclosure Initiative, and on March 11, 2019 the SEC entered a Cease and Desist Order against Stephens in which Stephens neither admitted nor denied the allegations of the SEC's Order. The Order alleged that Stephens did not fully disclose conflicts of interest related to the selection of mutual fund share classes for its advisory clients, and that Stephens purchased, recommended or held mutual fund share classes for client accounts which paid Stephens 12b-1 fees when less expensive share classes of the same funds were available which did not pay Stephens these 12b-1 fees. The Order directed Stephens to Cease and Desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940 and ordered that Stephens be censured and pay disgorgement and prejudgment interest to advisory clients who held these more expensive mutual funds share classes in their advisory accounts. (IA Release No. 40-5196)

In its capacity as a broker-dealer, Stephens has been subject to legal or disciplinary events in the ordinary course of its business, such as regulatory sanctions relating to compliance with broker/dealer trade reporting requirements and other regulatory actions.

### ***Affiliations***

Stephens, from time to time, enters into arrangements with other broker/dealers, investment advisors or other persons whereby such parties refer clients seeking advisory services to Stephens pursuant to Rule 206 (4)-3, the "Solicitation

Rule”.

Stephens may from time to time engage in transactions on behalf of clients with H&W or with SIMG or with mutual funds advised by H&W or SIMG. H&W is an investment advisor registered with the SEC in which entities under common control with Stephens hold an ownership interest. H&W provides investment advisory services to corporate, pension, public, endowment, foundation, mutual fund and other clients, and H&W also advises its own family of mutual funds. SIMG is an investment advisor registered with the SEC in which affiliates of Stephens hold the entire ownership interest of voting securities. SIMG provides investment advisory services for separate account clients and for mutual funds known as the American Beacon Stephens Funds® or other funds which may be added from time to time.

H&W advised mutual funds and SIMG advised mutual funds are offered through Stephens’ broker dealer services and/or investment advisory services as part of an investment program. Clients that invest in H&W advised mutual funds or in SIMG advised mutual funds would bear a proportionate share of the fees and expenses of those funds including the management fees or other fees paid to H&W or SIMG. These fees and expenses include commissions or fees, if any, paid to Stephens in connection with portfolio transactions. Please refer to each mutual fund’s prospectus for a full discussion of the fees and expenses of each mutual fund.

Stephens sometimes refers clients to Stephens Insurance, LLC, an affiliate of Stephens, for advice pertaining to products that are provided through Stephens Insurance, LLC.

For further information that pertains to related persons of Stephens, please refer to “Other Potential Conflicts of Interest” in Section 6B.

## **B. Code of Ethics**

Stephens has adopted an Investment Advisory Code of Ethics (“Code”), which defines the requirements and expectations for the business conduct of all of its Investment Advisory employees, including employees of Stephens. Furthermore, all Stephens’ employees are expected to adhere to Stephens’ Mission and Values Statement and Code of Professional Conduct.

The fundamental position of Stephens is that all aspects of its business are to be conducted in an ethical and legal manner in accordance with federal law and the laws of all states where the investment advisory divisions do business. In accordance with that position general principles apply:

- The interests of Stephens’ clients are our first consideration. Any personal securities transaction, which would be detrimental or potentially detrimental to any client account and any personal securities transaction, which is designed to profit by the market effect of any client account, must be avoided.
- All personal securities transactions should be conducted in such a manner as to be consistent with the Code and to avoid actual or potential conflicts of interest or abuse of a Stephens’ employee’s knowledge of client information or client transactions.
- Investment advisor personnel should not take inappropriate advantage of their positions. Information concerning the identity of security holdings and financial circumstances of clients is confidential.
- Independence in the investment decision-making process is paramount.

Accordingly, there are certain standards of conduct, which Stephens investment advisory employees follow to reduce potential conflicts with the interests of our clients. Stephens will provide a copy of the Code to any client or prospective client upon request.

## **Review of Accounts**

### ***Supervision & Reviews***

Primary responsibility for the supervision of advisory accounts lies with the applicable Stephens Branch Office Manager (“BOM”). BOM’s conduct a periodic review of activity in selected advisory accounts, considering suitability of transactions and general performance. BOM’s may also consider levels of activity, timing of transactions, transactions in restricted securities, profitability, concentration in one security and individual objectives and needs of the client based on information provided by the client. In addition to the monthly reviews, designated principals at Stephens’ home office make quarterly reviews of the investment performance and investment strategy of selected accounts. The reviewers may refer accounts to the Compliance Department for further analysis if necessary. Reviewers are not assigned accounts by any formula or numerical standard. Stephens will periodically review client portfolio holdings to determine whether advisory clients who hold mutual fund positions are invested in appropriate share classes for the mutual fund positions in their accounts. In the event 12b-1 fees are received on client advisory holdings, these will be rebated to the advisory client.

***Oversight***

PCG Operations and Pershing oversee the daily operations of the advisory programs.

The MAP Investment Committee and the SAS Investment Committee responsibilities are to review client accounts and coordinate with FCs regarding adherence to the client's investment objective with regard to allocation and performance. The committee relies on internal reports in its overall review process.

When Stephens executes a transaction for you through Pershing's order execution system, you will receive written or electronic confirmation of the transaction which provides information regarding the transaction. You may elect to receive these quarterly. You will also receive a written or electronic monthly account statement if you had activity in your account during the month which will detail the activity and the positions in your account. If you have not had any activity during the month and you have positions in your account, you will receive a written or electronic quarterly account statement which details the positions in your account. You may waive the receipt of account statements or confirmations after each trade in favor of e-delivery via <https://www.StephensAccess.netxinvestor.com/>. You may also receive mutual fund prospectuses, where appropriate.

***Client Referrals and Other Compensation***

Neither Stephens nor any of our employees receives any economic benefit, sales awards or other prizes from any outside parties for providing investment advice to our clients.

Stephens does not currently compensate any person who is not a supervised person for client referrals. Stephens may consider referral proposals from time to time, subject to SEC Rule 206(4)-3 and other applicable rules, regulations and restrictions.

***Financial Information***

To the best of our knowledge, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

***Who to Contact***

We are pleased to have an opportunity to serve as your FC. If you have any questions about the information contained in this brochure or about any aspect of the services we provide, please do not hesitate to call Stephens at (877-891-0095). Clients often receive this information by electronic delivery. To access your FC's SEC Advisor Biography, go to <https://www.stephens.com/> home page. Use the search bar, in the top right corner of the home page. Search by your FC's name. SEC Advisor Biographies are available in the Our Team section. Please review them.

## Definitions and Professional Designation Qualifications

### **Accredited Investment Fiduciary® (AIF®)**

The Accredited Investment Fiduciary (AIF®) Designation is a professional certification that demonstrates an advisor or other person serving as an investment fiduciary has met certain requirements to earn and maintain the credential.

The purpose of the Accredited Investment Fiduciary (AIF®) Designation is to assure that those responsible for managing or advising on investor assets have a fundamental understanding of the principles of fiduciary duty, the standards of conduct for acting as a fiduciary, and a process for carrying out fiduciary responsibility.

The AIF® training curriculum is offered in distance education or a blended learning option to suit each Candidate's needs. Fi360's Prudent Investment Practices cover four Steps (domains), twenty-one Practices (tasks), and seventy- nine Criteria that an investment fiduciary is expected to be able to perform. After passing the exam, a Candidate wishing to file for the AIF® designation must submit the accreditation application and accreditation fee. Six Hours of annual continuing education is required, a minimum of four of which must be delivered by Fi360 or one of Fi360's approved CE providers.

*For further information regarding the AIF® certification, please refer to the website of Center for Fiduciary Studies:*  
<http://www.fi360.com/products-services/training-overview/aif-designation-training#sthash.RCuODced.dpuf>

### **Accredited Wealth Management AdvisorSM (AWMA® )**

Individuals who hold the AWMA® designation have completed a course of study encompassing wealth strategies, equity-based compensation plans, tax reduction alternatives, and asset protection alternatives. Additionally, individuals must pass an end-of-course examination that tests their ability to synthesize complex concepts and apply theoretical concepts to real-life situations. All designees have agreed to adhere to Standards of Professional Conduct and are subject to a disciplinary process.

Designees renew their designation every two-years by completing 16 hours of continuing education, reaffirming adherence to the Standards of Professional Conduct and complying with self-disclosure requirements.

*For further information regarding the AWMA® certification, please refer to the website of College For Financial Planning:*  
<http://cfppdesignations.com/Designation/AWMA>

### **The Chartered Financial Analyst (CFA)**

The CFA designation is awarded to investment professionals who have successfully completed the requirements set forth by the CFA Institute. CFA Institute has a long-standing history of and commitment to establishing a broadly accepted ethical standard for calculating and presenting investment performance based on the principles of fair representation and full disclosure. The goals in developing and evolving the Global Investment Performance Standards (GIPS) are to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS standards to become a firm's "passport" to market investment management services globally. The CFA Institute is an international non-profit organization whose stated mission is to promote and develop a high level of educational, ethical and professional standards in the investment industry.

To be eligible for the CFA designation, candidates must pass 3 examinations that test the academic portion of the CFA program, possess a bachelor's degree from an accredited educational institution or equivalent, and have 48 months of acceptable professional work experience. The CFA curriculum includes the following subject areas: Ethical and Professional Standards; Quantitative Methods (such as the time value of money, and statistical inference); Economics; Financial Reporting and Analysis; Corporate Finance; Analysis of Investments (such as stocks and bonds); and Portfolio Management and Analysis (asset allocation, portfolio risk, and performance measurement).

*For further information regarding the CFA charter, please refer to the website of CFA Institute:*  
<https://www.cfainstitute.org/pages/index.aspx>



**Certified Financial Planner™ (CFP®)**

To earn the CFP® designation, an individual must complete a college-level course of study addressing the financial planning subject areas determined by the Certified Financial Planner Board of Standards, Inc. ("CFP Board"), pass a comprehensive two-day examination developed by the CFP Board and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university) and demonstrate three years of full-time work experience in financial planning or a related field. CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning. Once the CFP® has attained the CFP certification, they are required to complete 30 credit hours of continuing education accepted by CFP Board every two years, including 2 hours of CFP Board-approved ethics continuing education.

For further information regarding the CFP® certification marks, please refer to the website of the Certified Financial Planner Board of Standards, Inc. (CFP Board): <http://www.cfp.net/>

**Certified Investment Management Analyst (CIMA)**

The CIMA certification signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for investment management consulting, including advanced investment management theory and application. Prerequisites for the CIMA certification are three years of financial services experience and an acceptable regulatory history. To obtain the CIMA certification, candidates must pass an online Certification Examination. The Certification Examination is a five-hour examination and has 125 multiple-choice questions and 15 non-scored, pretest questions. Each examination item (question) is related to an area of work performed by an investment management consultant/advisor. The topics have been identified through a job analysis. All examination items are written in a four-option, multiple-choice format. CIMA designees are required to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks. CIMA designees must report 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association (IMCA).

For further information regarding the CIMA certification, please refer to the website of Investment Management Consultants Association (IMCA): <http://investmentsandwealth.org/cima>

**Certified Pension Consultant (CPC)**

The Certified Pension Consultant (CPC) credential is conferred by ASPPA to benefits professionals working in plan administration, pension actuarial administration, insurance and financial planning. CPCs work alongside employers to formulate, implement, administer and maintain qualified retirement plans. The CPC is the capstone credential, or highest credential, currently conferred by ASPPA.

To earn the CPC credential, you must successfully complete various exams, verify a minimum of two years' experience in the retirement plan industry, provide two letters of recommendation and apply for the ASPPA credentialed membership.

All credentialed members must acquire 40 hours of continuing education (CE) credits (2 of which must be Ethics) in a two-year cycle and renew their ASPPA Membership annually to retain their credential(s).

For further information regarding the CPC credential, please refer to the website of American Society of Pension Professionals and Actuaries (ASPPA): <https://www.asppa.org/professional-development/certified-pension-consultant-cpc>

**The Certified Portfolio Manager (CPM®)**

The Certified Portfolio Manager (CPM®) designation is a collaboration of the Academy of Certified Portfolio Managers and Columbia University. The academic component is designed to provide a deeper understanding of fundamental security analysis, asset allocation, and portfolio management concepts for financial services industry professionals managing discretionary portfolios.

The curriculum encompasses eight core concepts:

- Quantitative Methods
- Financial Statement Analysis
- Corporate Finance
- Fixed Income Analysis
- Equity Analysis
- Fiduciary Responsibility
- Derivatives

**Qualifying for the CPM® designation**

The current criteria for applicant eligibility are any of the following (1) A certificate, diploma or academic degree providing evidence of a four-year undergraduate degree.(2) 3 years of employment in the financial services industry and (3) Letter of recommendation on behalf of the applicant who is employed in the financial services industry, written by a supervisor, where the credential requirements are desired for the training and development of the applicant. At the end of each calendar year, ACPM members are required to submit the following; Record of 20 completed continuing education hours. ACPM maintains a self-auditing continuing education policy. Answers to a series of Professional Conduct questions. Annual membership dues. All three items are due by December 31st of that calendar year.

*For further information regarding the CPM® credential, please refer to the website of the Academy of Certified Portfolio Managers: <http://www.academyofcpm.org/>*

**Certified Public Accountant (CPA)**

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of continuing professional education (CPE) activities on an ongoing basis. Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct.

*For further information regarding the CPA designation, please refer to the website of American Institute of Certified Public Accountants (AICPA): <http://www.aicpa.org/Pages/Default.aspx>*

**Chartered Retirement Planning Counselor SM (CRPC®)**

The CRPC® is conferred by the College for Financial Planning. Individuals who hold the CRPC® designation have completed a course of study encompassing pre-and post-retirement needs, asset management, estate planning and the entire retirement planning process using models and techniques from real client situations. Designees renew their designation every two years by completing 16 hours of continuing education, reaffirming adherence to the Standard of Professional Conduct and complying with self-disclosure requirements.

*For further information regarding the CRPC® designation, please refer to the website of College for Financial Planning Alumni: <http://www.cffp.edu>.*

**Chartered Retirement Planning Specialist SM (CRPS®)**

The CRPS® is conferred by the College for Financial Planning. Individuals who hold the CRPS® designation have completed a course of study encompassing the specialization in creating, implementing and maintaining retirement plans for businesses. They must pass an exam demonstrating their expertise. Successful applicants earn the right to use the CRPS designation with their names for two years. Designees renew their designation every two years by completing 16 hours of continuing education, reaffirming adherence to the Standard of Professional Conduct and complying with self-disclosure requirements.

*For further information regarding the CRPS® designation, please refer to the website of College for Financial Planning Alumni: <http://www.cffp.edu>.*