

# WINTRUST<sup>®</sup>

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## WEALTH MANAGEMENT

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March 30, 2020

This Brochure provides information about the qualifications and business practices of Wintrust Investments L.L.C. (“WTI,” “us,” “we,” “our” or “the Firm”). If you have any questions about the contents of this Brochure, please contact us at 800-621-4477. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

WTI is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, are information with which you can determine to hire or retain us.

Additional information about WTI is available on the SEC’s website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The SEC’s website also provides information about any persons who are registered, or are required to be registered, as investment adviser representatives of WTI.

## Item 2 – Material Changes

We update this Brochure no less frequently than on an annual basis.

This Item 2 summarizes any material changes to the Brochure and provides a summary of such changes. There were no material changes to this Brochure from the previous version of this Brochure dated November 23, 2019.

Additional information about WTI is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The SEC's website also provides information about any persons who are registered, or are required to be registered, as investment adviser representatives of WTI.

### Commented [ACM1]: Instruction for Item 2.

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

**Note:** You do not have to separately provide this information to a *client* or prospective *client* who has not received a previous version of your *brochure*.

**Ascendant Comment:** See Rule 204-3 of the Investment Advisers Act for specific delivery obligations to new clients, and obligations for ongoing and annual delivery. Rule 204-3 has been significantly amended and requires that new policies and procedures be implemented. Ascendant's suggested language is designed to explain to clients the transition to the new ADV Part 2 brochure format. Future updates to brochures will require specific information noted above in the SEC instructions.

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#### Commented [ACM2]: Instruction to Item 3.

Provide a table of contents to your *brochure*.

**Note:** Your table of contents must be detailed enough so that your *clients* can locate topics easily. Your *brochure* must follow the same order, and contain the same headings, as the items listed in Part 2A.

**Ascendant Comment:** Do not delete any of the 19 specific Item Headings in the Template. Each Heading is required, except Item 19 which SEC registered advisers should delete. You may further use the outline feature for any Item to indicate subheadings as you deem necessary.

#### Item 4 – Advisory Business

WTI was founded in 1931 and is 100% owned by Wintrust Bank, N.A., a subsidiary of Wintrust Financial Corporation.

WTI offers investment advisory, brokerage and insurance services. WTI is registered as an investment adviser with the SEC, is a member of the Financial Industry Regulatory Authority (“FINRA”), and is licensed to sell insurance in the states where it does so. WTI offers these services to a variety of individuals, trusts, non-profit organizations, corporations and retirement accounts.

The terms “client”, “you”, and “your” are used throughout this Brochure to refer to the person(s) or organization(s) who contract with us for the services described here.

Securities transactions for WTI clients are executed by Wells Fargo Clearing Services, LLC (“WFCS”) through a brokerage account opened at WTI. WTI is an introducing broker for your account; WFCS is the clearing broker and custodian for securities transactions executed as part of WTI’s investment advisory services.

#### Description of Advisory Services

WTI provides investment management services to individual and institutional clients on a personalized basis, addressing a particular client’s circumstances through one or more of the following programs:

- i. Wells Fargo Advisors Investment Advisory Services (collectively “the Programs”)
  - o Personalized Unified Managed Account (“UMA”)
    - Personalized UMA Multi Strategy
    - Personalized UMA Single Strategy
  - o Private Advisor Network (“Network”)
  - o Private Investment Management (“PIM”)
  - o Customized Portfolios
  - o Asset Advisor
  - o Custom Choice
  - o FundSource
- ii. Wintrust Navigator Personal Financial Planning
- iii. WTI Institutional Advisory Services
- iv. Wintrust Retirement Benefit Advisors (WRBA)

#### i. Wells Fargo Advisors Investment Advisory Services Programs

The Programs consist of separately managed account (i.e., “wrap”) programs provided to clients for an inclusive fee, including a mutual fund asset allocation program and discretionary investment advisory services for an advisory fee with the client paying separately for brokerage.

#### Commented [ACM3]: Instruction for Item 4.

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

**Notes:** (1) For purposes of this item, your principal owners include the *persons* you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held. (3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.

D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.

**Note:** Your method for computing the amount of “*client* assets you manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “*client* assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your *brochure* in response to this Item 4.E.

**Ascendant Comments:** Amended Rule 204-2 of the Investment Advisers Act requires you to create and maintain a record describing how you calculated assets under management differently than in Item 5.F. of Form ADV, Part 1A, if applicable.

Be sure that your business description is consistent with your investment advisory agreements and marketing materials.

WTI offers the Programs through an arrangement with Wells Fargo Advisors. Wells Fargo Advisors is a trade name used by WFCS and Wells Fargo Advisors Financial Network, LLC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. Under the Programs:

- (1) A WTI investment adviser representative ("Adviser Representative") considers a client's pertinent financial and demographic information to develop an investment program that meets the client's goals and objectives;
- (2) Excluding the PIM, Asset Advisor, and Custom Choice Programs, the Adviser Representative analyzes client investment objectives, time horizon, liquidity needs, and financial information and recommends an appropriate asset allocation and strategy, which may include use of various sub-managers and investment vehicles such as mutual funds, based on the client's goals and objectives, investment time horizon, tolerance for risk and other factors deemed pertinent to the client's individual situation;
- (3) For all Programs except Asset Advisor and Custom Choice, the sub-manager, Adviser Representative or the investment manager of the investment vehicle, as applicable, provides continuous investment management services on a discretionary basis with respect to the cash and securities in the client's accounts under the Programs (the "Accounts");
- (4) Wells Fargo Advisors, the sub-manager or Adviser Representative, as applicable, through WFCS, effects transactions in securities for the client's Accounts; and
- (5) WFCS maintains custody of the client's assets under the Program.

For the services offered under the Programs (with the exception of the Network Program), the client pays an all-inclusive fee out of which WTI pays itself, Wells Fargo Advisors, the sub-manager (as applicable) and WFCS. In the case of Network, Wells Fargo Advisors may be compensated for its services either from a fee, which is payment for both the Network services and execution services, or through brokerage commissions. Network clients pay for the services of the sub-manager separately.

Each Program (with the exceptions of Asset Advisor and Custom Choice) is a discretionary asset allocation service. Pursuant to an Investment Management Agreement each client enters into with WTI and Wells Fargo Advisors, in all Programs except for PIM you grant Wells Fargo Advisors discretionary authority to invest and reinvest all assets in your Account, subject to review by your Adviser Representative. In the case of PIM, you grant your Adviser Representative discretionary authority to invest and reinvest all assets in your Account, subject to review by WTI. Such discretion will be exercised in accordance with your goals and objectives, as discussed above. Accordingly, Wells Fargo Advisors or WTI is empowered to buy, sell or to otherwise effect transactions in securities for your Accounts at any time without prior consultation with you, and may delegate such authority to sub-managers. Pursuant to the Investment Management Agreement for the Personalized UMA Program and the FundSource Program, we will inform Wells Fargo Advisors whenever you notify us of any changes to your financial information and investment objectives.

When you invest through the PIM, Asset Advisor and Custom Choice Programs, an Adviser Representative acts as portfolio manager for your Account. Asset Advisor and Custom Choice are non-discretionary programs in which your WTI Adviser Representative will make investment recommendations based on your investor profile information and objectives. WTI will not implement such recommendations without your prior approval.

The investment management services that WTI and/or Wells Fargo Advisors provide under each Program include:

- Assessment of the client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client's objectives
- Recommendations on suitable style allocations
- Identification of appropriate sub-managers, investment vehicles, asset classes and/or securities suitable to the client's goals
- Evaluation of sub-managers, investment vehicles, asset classes and/or securities meeting style and allocation criteria
- Engaging selected sub-managers and/or investing in selected investment vehicles, asset classes and/or securities on behalf of the client (for all Programs except Asset Advisor and Custom Choice)
- Ongoing monitoring of performance of individual sub-managers, investment vehicles, asset classes and/or securities
- Review of the Accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for rebalancing of the Accounts, if necessary
- Reporting of the Accounts' performance and progress
- Avoidance of wash sale rule violations
- Fully integrated back office support systems, including custody, trade execution and confirmation and statement generation through WFCS.

Wells Fargo Advisors may retain sub-managers to manage the Accounts. In some cases, sub-managers construct a model portfolio which is used to invest client assets. WTI will provide you a copy of each applicable sub-manager's Part 2A of Form ADV or disclosure brochure. Regardless of Account type, your contact source is your Adviser Representative and sub-managers are generally not required to make themselves available to individual clients.

The Programs (with the exceptions of Asset Advisor and Custom Choice, which are non-discretionary programs) are intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Rule 3a-4 sets forth certain requirements for programs that offer discretionary portfolio management services to a large number of clients if clients with similar investment objectives receive the same investment advice or hold the same or substantially the same securities in their accounts. Each Account is managed on the basis of the client's individual financial situation. Each client has the opportunity to select the Account's investment objective and impose reasonable restrictions on the management of the assets in the Account. In addition, WTI contacts clients annually to confirm the accuracy of their investor profile information.

## ii. **Wintrust Navigator Personal Financial Planning**

Our financial planning services typically involve a variety of advisory services aimed at managing a client's financial resources based upon an analysis of their individual needs. Financial planning services include, but are not limited to, cash flow management, retirement planning, tax planning, risk management, education funding, estate planning, and more. Our financial planning services can range from broad, comprehensive financial planning consisting of three or more of these services that is based on an ongoing relationship, to hourly consulting for a specific project.

Comprehensive financial planning involves working one-on-one with us over an extended period of time. The comprehensive financial planning process focuses on your goals and values around money.

During the process, we require you to provide an adequate level of information and supporting documentation in order for us to provide advisory services. Once your information is reviewed and analyzed, we create a broad based or modular plan and present you a summary of our recommendations. You are under no obligation to act on our financial planning recommendations, but the success of your plan is contingent on your engagement in the process and following through on the recommendations.

If a comprehensive financial planning approach is not suitable or does not meet your needs, a limited scope engagement is available. Our hourly rate will apply for any limited scope engagement. For a limited scope engagement, the scope of services will be agreed to in advance and an approximate range of hours will be provided.

Financial planning services include, but are not limited to:

☒ **Cash Flow and Debt Management (2-10 hours):**

We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

☒ **College Savings (2-10 hours):**

Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if applicable, we may review your financial picture as it relates to the best way to contribute to grandchildren.

☒ **Employee Benefits Optimization (2-10 hours):**

We may provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. This will include a review of the benefits program, identifying savings maximization using the company match, and tracking of additional benefits such as stock options and restricted stock awards.

☒ **Business Owner (5-30 hours):**

If you are a business owner, we may consider and or recommend the various benefit programs that can be structured to meet both business and personal retirement goals. In addition, we will make recommendations regarding succession planning, disability, and retirement plans for employees.

☒ **Estate Planning (5-30 hours):**

This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trust.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time to time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

☑ **Financial Goals (5-25 hours):**

We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal both in the short term and the long term.

☑ **Risk Management (2-10 hours):**

A risk management review may include an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

☑ **Investment Analysis (5 – 25 hours):**

This may involve developing an asset allocation strategy to meet clients' financial goals and risk-tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

☑ **Retirement Planning (5–30 hours):**

Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

☑ **Tax Planning Strategies (5–30 hours):**

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.



Wells Fargo Advisors does not sponsor or advise WTI in connection with its financial planning services.

#### *Implementation*

If you retain us to implement a financial plan, our advisory personnel also design and construct an investment portfolio that is consistent with your financial objectives. As part of this service, your Adviser Representative will recommend specific investments to be included in your portfolio. While determined in large measure by your individual goals/objectives, our portfolio design philosophy is a process of strategic asset allocation among three asset classes: fixed income, equities and alternative investments.

As part of a financial plan, an Adviser Representative may recommend changes to a client's health, life, disability or long-term care insurance coverage. Clients may elect to implement the insurance advice by purchasing a policy through one of our representatives in their capacity as a licensed insurance agent of various insurance agencies or companies.

Brokerage execution will be conducted through WFCS with WTI as introducing broker. Brokerage commissions may be assessed. Transactional fees are in addition to financial planning fees. See Items 11 and 12 below for more information on our conflicts of interest and brokerage practices.

#### **iii. WTI Institutional Advisory Services**

WTI provides discretionary investment advisory services solely to Wintrust Financial Corporation, using third party custodians for which the client may also pay brokerage commissions.

With this service, (1) the Portfolio Manager completes pertinent financial and demographic information regarding the client in order to develop an investment program that meets the client's goals and objectives; (2) the Portfolio Manager analyzes such information and recommends an appropriate asset allocation and strategy based on the client's goals and objectives, investment time horizon, tolerance for risk and other factors deemed pertinent to the client's individual situation; (3) the Portfolio Manager provides continuous investment management services on a discretionary basis with respect to the cash and securities in the client's accounts ("Account") under the Program.

Pursuant to an Investment Management Agreement between WTI and the client, the client grants WTI discretionary authority to invest and reinvest all assets in the client's Account. Such discretion will be exercised in accordance with the client's goals and objectives, as discussed above.

The investment advisory services provided by WTI under this program include:

- Assessment of the client investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the client objectives
- Recommendations on suitable style allocations
- Identification of appropriate investment vehicles, asset classes and/or securities suitable to the client goals
- Evaluation of investment vehicles, asset classes and/or securities meeting style and allocation criteria
- Investing in selected investment vehicles, asset classes and/or securities on behalf of the client
- Ongoing monitoring of performance of investment vehicles, asset classes and/or securities

- Review of the Accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for rebalancing of the Accounts, if necessary
- Reporting of the Accounts' performance and progress
- Avoidance of wash sale rule violations

Wells Fargo Advisors does not sponsor or advise WTI under this program.

**iv. Wintrust Retirement Benefit Advisors ("WRBA")**

WTI offers a non-discretionary investment-consulting platform for participant-directed retirement plans. Through this program, WTI offers initial and ongoing investment consulting services to plan sponsors, including investment policy statement review, asset style analysis and mutual fund search and selection. Depending on the nature of our relationship, WRBA may engage with you as a 3(21) fiduciary under ERISA.

*Investment Consulting Fund Screening Program*

For clients who are plan sponsors of participant-directed retirement plans, we offer the Qualified Plan (QP) Investment Consulting Fund Screening Program.

*Administrative Services*

We may also assist the retirement plan and other institutional clients with certain administrative functions as described below:

- **Board Education/Asset Classification** – WTI may provide the client with general financial and investment information relating to such concepts as diversification and asset classification with respect to various asset classes and historic rates of return.
- **Participant Education** – WTI may provide the client and/or its employees eligible to participate in its plan with general financial and investment information relating to such concepts as diversification, asset allocation and historic rates of return.
- **Provider Search Assistance.** WTI may assist plan sponsors in searches to retain third party service providers such as record keepers. This service may be provided to existing clients of WTI or on a one-time basis to plans that are not ongoing WTI clients. In doing so, WTI will:
  1. evaluate the plan sponsor's needs,
  2. assist the plan sponsor in preparing a Request for Proposal ("RFP"),
  3. assist the plan sponsor in soliciting reviewing responses from potential providers,
  4. assist the plan sponsor in selecting finalists, and
  5. provide the plan sponsor with an executive summary report to assist the plan sponsor in making its final decision.
- **Fee Benchmarking.** WTI may perform a comparative analysis of fees charged by third party service providers and the expenses of funds that are available to plan sponsors in order to allow them to evaluate the level of such fees that they pay relative to similarly structured and sized retirement plans. This service may be provided to existing clients of WTI or on a one-time basis to plans that are not WTI clients, and WTI may retain third-party firms to assist it in providing this service. The service shall include the following:
  1. obtaining information from plan sponsor for preparation of Fee Benchmarking report, and
  2. preparation of and assistance in the review and evaluation of the Fee Benchmarking report with the plan sponsor.

**Commented [SJ4]:** Removed reference to RBA not being a fiduciary. According to Peluse, they are a 3(21) fiduciary for 130 of their 160 clients.

Wells Fargo Advisors does not sponsor or advise WTI in connection with the Retirement Plan Services program.

#### **Assets Under Management**

Total regulatory assets calculated as of 12/31/2019:

Discretionary:	\$5,567,877,593
Non-Discretionary:	\$3,605,659,000

#### **Item 5 – Fees and Compensation**

##### **Mutual Fund and ETF Fees:**

Wells Fargo Advisors determines the universe of mutual funds and ETFs that will be made available to advisory Program clients. Although mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses, Wells Fargo Advisors generally chooses a single share class of each mutual fund for the advisory Programs we offer.

Wells Fargo Advisors does not seek to offer mutual funds or share classes through our advisory Programs that are necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory Account, such as ETFs. In addition to the Program fee and manager fee (if applicable), you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser, which may be an affiliate of ours (in the case of an investment in one of the Great Lakes Funds), and distribution, shareholders services or other fees paid to Wells Fargo Advisors or our affiliates, as described in the fund's prospectus. These expenses are an additional expense to you and not covered by the fees for program services; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fee and manager fee (if applicable), when considering any advisory program and the total compensation we receive.

Most of the mutual funds that Wells Fargo Advisors makes available in the advisory Programs do not pay us 12b-1 fees. Any 12b-1 fee payments we receive for eligible mutual funds held in an advisory Account are credited back to your Account.

Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes we make available. These funds and share classes are available through other broker-dealers and financial intermediaries, and from the funds directly, including where lower-cost share classes are made available. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

You could invest in a portfolio of individual mutual funds directly, without WTI's advisory services. In that case, you would not incur the wrap fees we charge. However, you would not receive the advisory services which are designed, among other things, to assist you in allocating your assets across asset classes, and to help determine which advisory program or investment(s) is most appropriate for your financial condition, objectives and risk tolerance. Accordingly, you should review both the fees charged

#### **Commented [ACM5]: Instruction to Item 5.**

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

**Note:** If you are an SEC-registered adviser, you do not need to include this information in a *brochure* that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.

B. Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

**Note:** If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.

by the funds and our advisory fees to fully understand the total amount you would pay and to thereby evaluate the advisory services being provided. For important information about each fund, including investment objectives, risks, charges, and expenses, you should read each fund's prospectus carefully and consider all of the information in it before investing.

**i. Wells Fargo Advisors Investment Advisory Services Programs**

To participate in a Program, you must establish a Program Account with WTI, which is maintained at WFCS. Each of the Programs except Network is offered for an all-inclusive fee. This covers the investment management services provided by WTI, Wells Fargo Advisors and the sub-manager (as applicable), as well as charges for execution of transactions, custody of Account assets, clearing and Account reporting provided by WFCS.

Fees for the management of investment portfolios are based on a percentage of the assets in the account as valued at the close of the market at the end of each calendar quarter. The nature and circumstances of specific accounts may allow for negotiations of minimums, fees, or commissions. Advisory fees are negotiable within a range based upon the value of your Account or your total investment relationship at WTI.

The specific manner in which our fees are charged is established in your written agreement with the Firm. We will generally bill fees on a quarterly basis in advance. Clients may elect to be billed directly for fees or to authorize us to directly debit fees from their accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Contracts between WTI and a client can be terminated by either party upon 30 days' prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

All of the Program Accounts described in this brochure are charged a fee on eligible assets that covers advisory, execution, custodial, and reporting services. The Fee Schedules for Private Advisor Network are set forth below. Please see the WTI WFA Advisory Wrap Fee Program Brochure for a description of the services, account minimums, and additional fee information applicable to Program Accounts.

**Private Advisor Network Fee Schedule**

You pay a fee for both Network services and execution services. We do not impose a separate charge for brokerage commissions on agency trades or markups or markdowns on principal transactions. Billed quarterly in advance, the Private Advisor Network fee schedule is negotiable based on a maximum fee of 2.00%. You may also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees (among which SEC fees may be included), and any other fees required by law.

For Accounts invested in an Advanced Option Strategy, the advisory Program fee is calculated based on a target notional value as detailed in the Advanced Option Strategy Addendum you will receive. The target notional value is the agreed upon value of broad-based equity market index exposure that the underlying option contracts in the portfolio should represent. The target notional value does not change over time unless a new value is agreed upon in writing. The actual value of the index exposure in your Account can be significantly higher or lower than the target notional value

The Fee Schedule does not include the investment adviser fees of the third-party investment manager. You may pay for the services of the investment adviser separately. If applicable, you authorize us to pay

the separate investment advisory management fee invoiced by the adviser by debiting your Account accordingly. It is your responsibility to determine if any such invoice from the investment adviser is proper or if the amount of fees charged is accurate. You may revoke our authorization to pay the investment adviser fee at any time by giving us written notice.

You should be aware that Program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Our fee schedules may be subject to negotiation depending upon a range of factors, including but not limited to account sizes and overall range of services provided.

WTI affiliate Great Lakes Advisors, LLC ("GLA") is one of many investment managers available to you in the Private Advisor Network Program. Through this relationship, WTI clients are eligible for a 5 basis point (.05%) discount on the investment manager fee. As GLA is one of our affiliates, we receive a portion of the advisory fee that GLA charges (and we pass a portion on to your Adviser Representative), which creates a conflict of interest for us. Further, we have an incentive to recommend GLA Funds, which charge management fees that benefit GLA and a portion of which are passed on to us.

You should consider the value of this advisory service when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the Programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if you paid commissions separately paid for each transaction.

#### **Program Fees**

A portion of the fees or commissions charged for the Programs described above will be paid to your Adviser Representative in connection with the management of your Account(s) as well as for providing client-related services within the Program. This compensation may be more or less than the Adviser Representative would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered.

Unless agreed upon otherwise, you authorize us to deduct a quarterly fee based on a percentage of assets for which we provide investment advice in your advisory Account (which would include any assets in cash-sweep investment vehicles, such as our Insured Bank Deposits program, described below). Such fee is calculated at the rate indicated in the Fee Schedule from your account, in advance. For the purposes of calculating program fees, "total account value" shall mean the sum of the long and short market value of all securities mutual funds, and cash-sweep vehicle, free credit balances and cash balances in the program Account, if applicable. In valuing the Account assets, we will use the closing prices or, if not available, the lowest published "bid-price," and if none exist, the last reported transaction if occurring within the last 45 days. For mutual funds, we use the fund's most current net asset value, as computed by the fund company. In so doing, we will use information provided by quotation services believed to be reliable.

The initial fee is calculated as of the date that the account is accepted into the Program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your Account during that period. Your Account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the Account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account, and WTI shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds.

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

WTI generally uses insured bank deposits, or may use money market funds, to invest client cash reserves and/or to provide liquidity. We may also occasionally purchase specialized closed-end or open-end funds for client accounts. In these cases, clients are assessed fees by the money market funds and by the mutual funds. You should understand that Account assets invested in shares of mutual funds or other investment companies ("funds") will be included in calculating the value of your Account for purposes of computing WTI's fees and the same assets will also be subject to additional advisory and other external fees and expenses, including 12b-1 or other marketing fees as set forth in the prospectuses of those funds. Since these assets are included in WTI's fee computation, you are charged twice on these assets, which are generally a small percentage of a client's investments under management.

WTI's fees exclude brokerage commissions, transaction fees, and other related costs and expenses you may be charged. You may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Other costs that may be assessed in addition to the inclusive fee are, among others, fees for securities transactions executed away from WFCS, dealer mark-ups, spreads paid to market-makers and exchange fees. Clients who designate brokers other than WFCS may be subject to certain additional fees charged by such brokers.

Such charges, fees and commissions are in addition to WTI's fee, and WTI will not receive any portion of these commissions, fees, and costs.

WTI reserves the right to change the fee schedules upon 30 days' written notice.

Clients who participate in a Program may pay more or less for the services described in this Brochure and the Wells Fargo Advisors ADV Brochure than if they purchased such services separately. Factors that bear upon the cost of a Program in relation to the cost of the same services purchased separately include, among other things, the type and size of the Accounts and the historical and/or expected size or number of transactions for the Accounts.

You should also consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

An Adviser Representative who recommends a Program to a client receives compensation as a result of the client's participation in that Program. The amount of this compensation may be more than what the Adviser Representative would receive if the client participated in other advisory programs that WTI offers or paid separately for investment advice, securities brokerage and other services. Accordingly, in many cases, the Adviser Representative will have a financial incentive to recommend a Program over other available programs or services.

A client's assets may also be invested in the Managed Portfolio Securities Trust: Great Lakes Small Cap Opportunity Fund ("Small Cap"), Great Lakes Bond Fund ("Bond"), Great Lakes Large Cap Value Fund ("Large Cap Value"), Great Lakes Disciplined Equity Fund ("Large Cap Systematic") and Great Lakes International Smaller Company Fund ("International Small Cap") for which Great Lakes Advisors renders investment advisory services for a fee. In that event, your account will be billed on the value of your investment in the fund, in addition to incurring the mutual fund's management fee.

Additionally, your Account will normally participate in a "sweep program" for the automatic purchase and redemption of cash balances in connection with free credit balances and to satisfy debit balances in the custodial brokerage accounts (net of free credit balances). Through our Insured Bank Deposits Program ("IBD"), available cash balances in a WTI account are automatically deposited into one or more interest-bearing, bank deposit accounts established at our affiliated Wintrust banks ("Program Banks") and insured by the Federal Deposit Insurance Corporation ("FDIC"). If cash balances are deposited in a bank deposit account in one or more affiliated Program Banks, the participating Bank(s) will benefit from use of the deposits and WTI will receive compensation from the Program Banks. This compensation will be in addition to, and will not reduce, account fees payable under the advisory Program.

#### **Risk in the Use of Margin**

To the extent margin is used in your Account, you should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee you are charged. WFCS will charge margin interest on any debit balance in your Account, and pays a portion to us as revenue.

Using margin to increase the assets in your Account will also increase the asset-based fee, which creates an incentive for your Adviser Representative to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in your Account and therefore risk.

#### **ii. Wintrust Navigator Financial Planning Service Fees**

How we are paid depends on the type of advisory service we are performing:

#### **Ongoing Financial Planning**

Fees for Ongoing Financial Planning services consist of an upfront fee between \$500 and \$5000 plus an ongoing fee that is paid monthly, in advance, at the rate of \$150 --- \$300 per month. The monthly fee is determined based on complexity of the client's needs. Our fees are negotiable with final determination made by Firm management. If the engagement is terminated within 10 days of signing the client service agreement, no fees would be due and any unearned prepaid fees would be refunded. Should client terminate the engagement after this date, client is responsible and will be invoiced for any time charges incurred by WTI in the preparation of their plan. If Ongoing Financial Planning is chosen, half of the upfront fee is due at the beginning of process and the remainder is due at the delivery of the plan, however, WTI will not bill an amount above \$500.00 more than 6 months in advance.

The following outlines examples of the levels of service available through WTI.

#### **Level One --- \$150/month**

##### **Client Service Standard**

- One meeting per year
- Review performance of accounts held with individual advisor
- Discuss open financial planning action items or new goals
- Available via email for follow up questions throughout the year

##### **Most Appropriate for Clients:**

- Single individual or married couple who only receive W---2 income and utilizing the standard deduction on their tax return
- Minimal assets
- Do not have assets held outside adviser's primary custodian

#### **Level Two --- >\$150 but <\$300 a month**

##### **Client Service Standard**

- Up to two meetings a year
- All services described in level one
- Review performance of accounts held with individual advisor
- Review performance of employer sponsored qualified retirement accounts
- Portfolio allocation change recommendations
- Discuss current market conditions

##### **Most Appropriate for Clients:**

- Who want more frequent investment counseling
- Married couple with children who may be taking the itemized deduction (Schedule A) on their tax return
- Have more investment assets albeit primarily in employer sponsored qualified retirement accounts

#### **Level Three --- \$300/month**

##### **Client Service Standard**

- Up to three meetings a year



- All services described in level two
- Discuss/address new financial planning topics. Examples include tax planning, estate planning, insurance analysis, cash flow and debt management, etc.
- Unlimited advice via phone and email
- Attend meetings or participate on calls with client's other service providers such as estate planning attorney and CPA

**Most Appropriate For:**

- Clients with income in addition to W---2 wages such as self---employment income, passive income from rental real estate or other passive activity
- Young couples with children and high earning couples and individuals
- Clients with multiple financial planning issues
- Clients who desire frequent access to their advisor

All services may be terminated with 30 days' notice. Upon termination of any account, the fee will be prorated and any unearned fee will be refunded to the client.

**Flat Fee Financial Planning**

Financial Planning will generally be offered on a fixed fee basis. Fixed fees will be determined on a case by case basis with the fee based on the complexity of the situation and the needs of the client. The fixed fee will be agreed upon in the client contract before the start of any work. The fixed fee can range between \$500 to \$5,000, dependent on the scope, complexity and needs of the client. The fee may be negotiable in certain cases at the Advisor Representative's discretion. If the engagement is terminated within 10 days of signing the client service agreement, no fees would be due and any unearned prepaid fees would be refunded. Should client terminate the engagement after this date, client is responsible and will be invoiced for any time charges incurred by WTI in the preparation of their plan. If a fixed fee program is chosen, half of the fee is due at the beginning of process and the remainder is due at completion of work, however, WTI will not bill an amount above \$500.00 more than 6 months in advance.

**Financial Checkup**

A Financial Checkup is offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee is generally \$500 to \$1,000, but is negotiable. If a fixed fee program is chosen, half of the fee is due at the beginning of process and the remainder is due at completion of work, however, WTI will not bill an amount above \$500.00 more than 6 months in advance. If a financial planning relationship is initiated within 6 months of completion of a financial checkup, a credit in the amount of the fee charged for the financial checkup will be applied to the financial planning fee. If the engagement is terminated within 10 days of signing the client service agreement, no fees would be due and any unearned prepaid fees would be refunded. Should client terminate the engagement after this date, client is responsible and will be invoiced for any time charges incurred by WTI in the preparation of their plan.

**Adviser Representative Compensation**

Your Adviser Representative receives, on an ongoing basis, a percentage of the wrap fees you pay us in connection with your Account(s), which is based on the amount of assets we manage. The higher the fee you pay, the more your Adviser Representative receives in compensation. This provides an incentive for your Adviser Representative to seek to retain additional assets

from you in your advisory Account(s). Your Adviser Representative also has a conflict from the financial incentive to recommend those investment advisory programs that charge a higher wrap fee, to result in higher compensation to them. This conflict is mitigated by the Adviser Representative's adherence to WTI's guidelines for account recommendations based on analysis of client investment objectives and risk tolerance, and our periodic review of accounts to ensure that account types remain appropriate.

An advisory Program client may also have other accounts with WTI in which advisory fees are not charged. The payment of commissions in these accounts is negotiated on an entirely separate basis from the payment of fees in the advisory Program(s). The rate of compensation we pay Adviser Representatives with respect to advisory account fees may be higher than the rate we pay Adviser Representatives on trades executed in transaction-based brokerage accounts. Our Adviser Representatives may also receive more compensation over time through an advisory account as compared to a commission-based (brokerage) account. Thus your Adviser Representative has a greater incentive to recommend a fee-based advisory account. Fee-based accounts provide clients with additional services, including periodic account review and ongoing advisory services, as compared to commission-based accounts. You should ask your Adviser Representative why he or she recommends a specific account type for you. To overcome this conflict, WTI has instituted guidelines for the account selection process.

Your Adviser Representative has discretion, with Firm approval, to charge you a lower fee than the maximum fee stated above for your chosen Program. The amount of the fee you pay is a factor we use in calculating the compensation we pay your Adviser Representative. If your fee rate is below a certain threshold, we give your Adviser Representative credit for less than the total amount of your fee in calculating his or her compensation. Your Adviser Representative has a conflict of interest not to reduce your fees below that highest threshold because your Adviser Representative receives lower compensation if your fees are reduced.

We address these conflicts of interest by disclosing them to you and by reviewing your account upon its opening to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

**Additional Compensation Received from Product Issuers and Sponsors**

We receive payments from issuers or sponsors of mutual funds, CEFs, ETFs, and UITs. We use these payments to provide training, educational presentations, and sales support activities to our Adviser Representatives, as well as to help fund events designed to recognize our top Adviser Representatives. We have a conflict of interest in recommending funds that offer such payments.

We have a conflict of interest in recommending investment products such as mutual funds and UITs to which we or an affiliate such as GLA provide advisory or other services, or in recommending our own affiliated separately-managed account advisory programs through GLA, because both we and GLA are compensated based on such investments.

Payments we receive from UIT sponsors in the form of gross acquisition profits and volume concessions create a conflict of interest for us because we have an incentive to recommend those UITs that offer us higher payments.

**Non-Cash Compensation from Third Parties**

We work closely with many third-party providers, investment managers or distributors of products such as mutual funds, annuities, UITs, and insurance products who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our Adviser Representatives. These meetings or events are held to educate them on product characteristics, business building ideas, successful sales techniques and suitability, as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Adviser Representatives with providing services.

Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for Adviser Representatives and participants. Also, Adviser Representatives may receive promotional items, meals or entertainment or other non-cash compensation from product providers.

Although payments for training and education are not based on individual transactions or assets held in client accounts, it is important to understand that, due to the total number of third party products we offer, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with our Adviser Representatives; these relationships could lead Adviser Representatives to recommend those companies' products.

**Additional Compensation from Product Providers and Other Third Parties**

We and our Adviser Representatives, associates, employees, and agents receive additional compensation from product providers and other third parties including:

- Gifts and awards (limited to \$100 per provider to a Adviser Representative per year), an occasional dinner or ticket to a sporting event of reasonable value, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Reimbursement from product providers for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

**Note:** The amount of these payments is not dependent on or related to the level of assets that you or any other of our clients invest in or with the product provider.

**Additional Compensation in the form of Mark-ups on Service Fees**

The Firm receives compensation through the markup of account service and trade processing charges above the costs charged by the clearing broker. These charges include account transfer fees, annual IRA fees, postage fees, trade ticket fees to certain contractual relationships, and inactivity fees, ranging in amount from \$5.00 to \$30.00 per service fee. The Firm also earns a spread on margin balances in accounts, which will vary depending on Broker Call rates and amount borrowed. The compensation we receive in connection with certain transactions and services is an additional source of revenue to the Firm and defrays the costs associated with maintaining and servicing client accounts. This compensation presents a conflict of interest because the Firm has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to the Firm over those investments and services that do not. Adviser Representatives are not compensated on the markup of account services or trade processing charges, so they do not have an incentive to recommend transactions that would generate these charges.

Clients should be aware that the receipt of compensation by WTI and its management persons or employees creates conflicts of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. WTI endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for WTI and our employees to earn compensation from advisory clients in addition to WTI's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliates;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- WTI conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by WTI; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### Item 6 – Performance-Based Fees and Side-By-Side Management

WTI does not charge any performance-based fees (fees based on a share of capital gains on, or capital appreciation of, a client's assets).

#### Item 7 – Types of Clients

WTI provides portfolio management services to individuals, high net worth individuals, banking or thrift institutions, corporate pension and profit-sharing plans, foundations, endowments, trust programs, and other U.S. institutions.

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

##### Methods of Analysis

For programs for which WTI maintains discretionary authority or makes investment recommendations, methods of analysis are usually based on both fundamental and quantitative research and other independent research.

##### Investment Strategies

All investors have objectives or goals, such as seeking income, growth & income, growth, or trading or speculating. All investors also have risk tolerance, which is the amount of risk of loss they are willing and able to tolerate in order to achieve their investment goals. Although all investments involve risk,

##### **Commented [ACM6]:** Instruction to Item 6.

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

**Ascendant Comment:** Please see the two sample responses we have provided in the body of the document.

##### **Commented [ACM7]:** Instruction to Item 8.

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

**Ascendant Comment:** Various mutual fund and private fund prospectuses should serve as important sources of sample disclosure for this Item. Also review and consider your Investment Committee records.

including the potential loss of principal, some securities, such as equities (stock), among others, involve more risk. Higher risk investments may have the potential for higher returns, but also have the potential for greater losses. Generally speaking, investment objectives are on a spectrum, with "Income" investors generally holding the smallest percentage of higher risk investments and "Trading and Speculation" investors holding the largest percentage of higher risk investments. Similarly, risk tolerances are on a spectrum such that an investor with a "Conservative" risk tolerance will accept less risk than an investor with a "Moderate" risk tolerance; a "Moderate" investor less than an "Aggressive" investor; and an "Aggressive" investor less than a "Trading & Speculation" investor. The "Aggressive" investor accepts short term market volatility associated with a large proportion of higher risk investments because he or she has a long term time horizon and seeks the greater return potential associated with these higher risk investments.

**Clients should consider their objective and risk tolerance carefully and understand that Investing in securities involves risk of loss that clients should be prepared to bear.**

Below are descriptions of the combined Investment Objective and Risk Tolerance:

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**Investment Objective - Income:** Income investors seek a maximum amount of income given their risk tolerance, and are willing to forgo capital appreciation and growth of income.

**Risk Tolerance- Conservative:** Conservative Income investors seek the maximum amount of income consistent with a modest degree of risk. They are willing to accept a lower level of income in exchange for lower risk. Higher risk investments, such as high yield bonds and some equities, are typically not a large percentage of the account.

**Risk Tolerance- Moderate:** Moderate Income investors seek to balance the potential risk of capital loss with increased income potential. Higher risk investments, such as high yield bonds and some equities, may be some percentage of the account.

**Risk Tolerance- Aggressive:** Aggressive Income investors seek a significant level of income, are financially able and willing to risk losing a substantial portion of investment capital, and, due to their long term horizon or other factors, they employ higher risk, more aggressive strategies that may offer higher potential income. Higher risk investments, such as high yield bonds and some equities, may be a significant percentage of the account.

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**Investment Objective - Growth & Income:** Growth and Income investors seek current income but also seek income and capital growth over time. These investors are willing to forgo a portion of current income in order to seek potential future growth.

**Risk Tolerance- Conservative:** Conservative Growth and Income investors seek the maximum growth and income consistent with a relatively modest degree of risk. They are willing to accept lower potential returns in exchange for lower risk. Equities, generally dividend paying equities, may be some percentage of the account.

**Risk Tolerance- Moderate:** Moderate Growth and Income investors seek to balance the risk of capital loss with higher potential growth and income. High yield bonds and equities, generally dividend paying equities, may be a significant percentage of the account.

**Risk Tolerance- Aggressive:** Aggressive Growth and Income investors seek a significant level of growth and income, are financially able and willing to risk losing a substantial portion of investment capital, and due to their long term horizon or other factors they pursue high risk, more aggressive

strategies that may offer higher potential returns. High yield bonds and equities, generally dividend paying equities, may be the primary assets in the account.

**Investment Objective - Growth:** Growth investors do not seek account income and their primary objective is capital appreciation.

**Risk Tolerance- Conservative:** Conservative Growth investors seek maximum growth consistent with a relatively modest degree of risk. They are willing to accept lower potential returns in exchange for lower risk. Equities may be a significant percentage of the account.

**Risk Tolerance- Moderate:** Moderate Growth investors seek to balance the potential risk of capital loss with their goal of higher potential growth. Equities may be the primary asset in the account.

**Risk Tolerance- Aggressive:** Aggressive Growth investors seek a significant level of growth, are financially able and willing to risk losing a substantial portion of investment capital, and due to their long term time horizon or other factors, they employ higher risk, more aggressive strategies that may offer higher potential returns. Higher risk investments such as equities may be as much as 100% of the account.

**Trading & Speculation:** Trading and Speculation investors seek out maximum return through a broad range of investment strategies, which generally involve a high level of risk, including potential for significant loss of investment capital.

#### Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WTI or the integrity of WTI's management. WTI has no reportable items as it relates to its investment advisory services. For additional information regarding the Firm or individual Adviser Representatives with respect to brokerage activities, please refer to [Investor.gov](http://Investor.gov).

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

In addition to WTI being a registered investment adviser, it and the management persons and other employees of WTI are: (1) a FINRA-registered broker-dealer, registered supervisors and registered representatives and, (2) a licensed insurance agency and licensed insurance agents. These individuals may also be insurance agents appointed with one or more insurance companies. In their separate capacities as registered representatives and/or insurance agents, these individuals are able to effect securities transactions and/or purchase insurance and insurance-related investment products for WTI's advisory clients, for which these individuals will receive separate and additional compensation. However, you are not under any obligation to engage these individuals when considering the purchase/sale of securities or insurance. The implementation of any or all recommendations is solely at your discretion.

While WTI and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. These

#### Commented [ACM8]: Instruction to Item 9.

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is *not* listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a *management person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*, (b) a *misdemeanor* that involved investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, briber

#### Commented [ACM9]: Instruction to Item 10.

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

conflicts are mitigated through disclosure to you and by maintaining supervisory procedures through which we oversee the execution of Adviser Representatives' recommendations into these advisory programs.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

WTI is owned by Wintrust Bank, N.A., a subsidiary of Wintrust Financial Corporation ("Wintrust"), a financial holding company based in Rosemont, Illinois. Wintrust engages in the business of providing traditional community banking services, primarily in the Chicago metropolitan area and southeastern Wisconsin, and operates other financing businesses on a national basis through several non-bank subsidiaries. Additionally, Wintrust offers an array of wealth management services. Wintrust conducts its businesses through three segments: community banking, specialty finance and wealth management. Wintrust provides community-oriented, personal and commercial banking services to customers located in the greater Chicago, Illinois and southern Wisconsin metropolitan areas through its 15 wholly owned banking subsidiaries (collectively, the Wintrust Community Banks).

Affiliated companies related by common ownership or control include:

- **Wintrust Wealth Management**

- Great Lakes Advisors, LLC ("GLA") – SEC Registered Investment Advisor based in Chicago, IL. A wholly owned subsidiary of Wintrust Financial Corporation. Offers individuals and institutions investment management services including but not limited to separately managed accounts and unified managed accounts. GLA is one of the portfolio managers WTI recommends for our clients who open investment advisory accounts, and we receive a portion of the advisory fee GLA charges, which creates a conflict of interest.

GLA acts as an investment adviser to the Managed Portfolio Securities Trust for the management of the Great Lakes Small Cap Opportunity Fund, Great Lakes International Smaller Company Fund, Great Lakes Bond Fund, Great Lakes Large Cap Value Fund and Great Lakes Disciplined Equity Fund. When appropriate, recommendations may be given directing wrap account assets into these or other investment companies. This creates a conflict of interest because we have an incentive to recommend GLA funds, which charge management fees that benefit GLA and a portion of which are passed on to us.

- The Chicago Trust Company, N.A. ("TCTC") – A federally-chartered trust bank that offers individuals and institutions throughout the Chicago area a wide range of trust products and services, including corporate trustee services, personal trust administration, estate settlement, land trusts, 1031 exchanges, guardianships, and special needs trusts. Our Adviser Representatives may refer potential clients to TCTC whom they believe would benefit from the products and services it provides.
- Chicago Deferred Exchange Company ("CDEC") - Chicago Deferred Exchange Company provides Qualified Intermediary and Exchange Accommodation Titleholder services to investors seeking to defer gain under IRC Section 1031. From time to time, we might refer a potential client to CDEC who indicates an appropriate need for its service.

Where appropriate, WTI and our employees may recommend the various investment and investment-related services of WTI affiliates to our advisory clients. These WTI affiliates may also recommend the advisory services of WTI to their clients. The services provided by the WTI affiliates are separate and distinct from our advisory services, and are provided for separate and additional compensation. There are also arrangements between WTI and its affiliates through which WTI and/or its affiliates and their employees receive payment in exchange for client referrals to each other. No WTI client is obligated to use the services of any WTI affiliate.

- **Wintrust Community Banks**

Fifteen separately-chartered national banks that each offer traditional banking services such as savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit. From time to time we might refer a client for banking services. In addition, each of the banks participates in Wintrust's Federal Deposit Insurance Corporation ("FDIC") insured bank deposit "sweep program" called Insured Bank Deposits Program ("IBD") (collectively the "Program Banks").

All Accounts that are under the custody of WFCS typically will participate in IBD for the automatic purchase and redemption of cash balances in connection with free credit balances and to satisfy debit balances in the custodial brokerage accounts (net of free credit balances). Through IBD, available cash balances in a WTI account are automatically deposited into one or more interest-bearing, bank deposit accounts established at our Program Banks, listed below.

The advisory fees charged on Account values will apply to uninvested cash balances and balances in the IBD Program, to the extent permitted by law. The fees for the Program will exceed the return you earn on uninvested cash and, in most instances, on the vehicle in the IBD Program. We and our affiliates benefit financially from cash balances held in the IBD Program. For additional information about the IBD Program, including information about how we and our affiliates benefit from it, see the IBD Program Disclosure Statement, which we provided to you when you opened your Account.

Charter Banks include:

- Lake Forest Bank & Trust Company, N.A.
- Hinsdale Bank & Trust Company, N.A.
- Wintrust Bank, N.A.
- Libertyville Bank & Trust Company, N.A.
- Barrington Bank & Trust Company, N.A.
- Crystal Lake Bank & Trust Company, N.A.
- Northbrook Bank & Trust Company, N.A.
- Schaumburg Bank & Trust Company, N.A.
- Village Bank & Trust, N.A.
- Beverly Bank & Trust Company, N.A.
- Town Bank, N.A.
- Wheaton Bank & Trust Company, N.A.
- State Bank of The Lakes, N.A.
- Old Plank Trail Community Bank, N.A.
- St. Charles Bank & Trust Company, N.A.

- **Specialty Finance**



- First Insurance Funding
- Tricom

#### Benefits to WTI, our affiliated Program Banks, and WFCS

WTI and its affiliates receive fees and benefits for services provided in connection with the IBD program, and therefore have a conflict of interest when we make available sweep vehicles that are more profitable to us than other unaffiliated bank deposit accounts or money market funds. WTI will receive a fee directly from the Program Banks for each Account that has funds swept to a Program Bank as part of the sweep arrangement. The fee is currently \$25 per account per Program Bank. This fee is subject to change to a maximum of \$40 per Account. This fee is not passed on to the client. WTI may waive all or part of this fee. A portion of this fee may go to WFCS for 1099 reporting, statement issuance and other services provided in connection with IBD. Other than applicable fees imposed by WTI on an Account, there will be no charge, fee, or commission imposed on your Account with respect to IBD. Your Adviser Representative does not receive any portion of the fee. However, when you have an advisory Account with us, your Adviser Representative is compensated based on total assets in your account(s), including any cash held in a bank deposit account through the IBD program.

Because the Program Banks provide our default cash sweep option, the IBD Program, they benefit financially from cash balances held in IBD. As with other depository institutions, the Banks' profitability is determined in large part by the difference or "spread" between the interest they pay on deposit accounts, such as IBD, and the interest or other income they earn on loans, investments and other assets. The Banks' participation in IBD increases their respective deposits and, accordingly, may increase their overall profits. You may be able to earn higher rates by investing your un-invested cash balances in other, non-affiliated, sweep options. The IBD Program should not be viewed as a long-term investment option. It is your responsibility to monitor your balances in the IBD Program, and determine whether you prefer to invest cash balances in products offered outside the IBD Program. Your Adviser Representative can tell you more about other available alternatives. For more information regarding the Wintrust IBD program, go to [wintrustwealth.com/disclosures](http://wintrustwealth.com/disclosures).

Where cash is not swept into the IBD program, WTI also receives service fees and other compensation as a result of any sweep investment in WFCS' bank deposit program. WFCS may also receive distribution (12b-1), service fees and other compensation for Wintrust client deposits in their sweep programs.

#### Item 11 – Code of Ethics

Wintrust Wealth Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

WTI's employees and persons associated with it are required to follow the Code of Ethics. Compliance with the Code of Ethics is a condition of employment. Subject to satisfying this policy and applicable laws, officers, directors and employees of WTI and its affiliates may trade for their own accounts in

#### Commented [ACM10]: Instruction to Item 11.

A.If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

B.If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.

C.If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

D.If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

**Note:** The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not "reportable securities" under SEC rule 204A-1(e)(10) and similar state rules.

**Ascendant Comment:** State registered investment advisers should review their applicable state regulations regarding the requirement to have a Code of Ethics.

securities which are recommended to and/or purchased for WTI's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of WTI's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of WTI's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WTI's employees and its clients.

WTI anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which it has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which WTI's directors, officers, employees and registered persons may purchase or hold securities that are recommended for purchase or sale to clients. Personal securities transactions by persons associated with WTI are subject to the Firm's Code of Ethics, which includes various reporting, disclosure and approval requirements, described in summary below, in order to prevent actual or potential conflicts of interest with transactions recommended to clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person has an interest individually, jointly or as guardian, executor, or trustee or in which such person or the person's spouse, minor children or other dependents residing in the same household have an interest.

In accord with SEC rules relating to recordkeeping by investment advisers and Rule 17j-1 promulgated under the Investment Company Act of 1940, WTI requires prompt reports of all covered transactions. WTI further requires that all brokerage account relationships be disclosed, that it receive duplicate confirmations of transactions and custodial account statements, and annual certifications of compliance with the Code of Ethics from all covered persons. Transactions in government securities, bank certificates of deposit, and shares of unaffiliated open-end mutual funds are excluded from the reporting requirements.

In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on covered transactions.

These include the following:

1. Certain securities transactions must be submitted by "Investment Personnel" (generally, a person who makes decisions regarding the purchase or sale of securities by or on behalf of an advisory client) for pre-approval by the Ethics Committee.
2. Purchases or sales by Investment Personnel of securities (other than de minimis trades) are prohibited for a period of seven days before and after an account of an advisory client that the Investment Personnel manages trades in that security.
3. Subscriptions by Investment Personnel to any initial public offering are prohibited.
4. Certain short-term trades of Investment Personnel are subject to review by the Ethics Committee, which may require disgorgement of profits. Purchases of certain private placement securities require approval of the Ethics Committee.

As part of its responsibilities, the Ethics Committee monitors and verifies compliance of covered persons with the requirement of the Code of Ethics, and reports apparent violations to WTI's senior management. Under the Code of Ethics, the Ethics Committee has the authority to require reversal or adjustment of a personal transaction, or the disgorgement of a profit realized on a transaction in personal investment activities and those carried out for clients. The Ethics Committee also may recommend to management the imposition of more severe sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with WTI's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WTI will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

WTI's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the WTI Compliance Department at 800-621-4477.

## Item 12 – Brokerage Practices

A client who establishes Account(s) under the WFCS Program(s) is required to maintain one or more brokerage accounts with WFCS. Accordingly, the sub-manager or Adviser Representative, as applicable, will usually effect all brokerage transactions on behalf of the client through WFCS. Thus, the sub-manager and Adviser Representative will not solicit prices from other broker-dealers and clients may receive less favorable net prices and executions of some transactions than might otherwise be obtainable from another broker-dealer. Mutual fund shares are purchased at net asset value pursuant to the prospectus of each particular fund.

WTI's use of WFCS as custodian is based on a comparison of WFCS' services and fees against other broker-dealers and is aimed at minimizing brokerage expenses and other costs while taking into account WFCS' offerings or services that WTI or our clients may require or find valuable. By selecting one brokerage platform, WTI can avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms. Based on WTI's structure and capacities, we concluded that requiring one brokerage platform is a better policy than permitting multiple brokerage arrangements. However, this arrangement creates a conflict of interest between WTI and our clients, since we receive compensation, including revenue sharing payments from money market sweep programs offered by WFCS. We believe this conflict is mitigated by the fact that the fees and expenses that WFCS charges WTI's clients are competitive in the marketplace. Additionally, WTI regularly performs a best execution review to evaluate WFCS's execution services.

Our contract with WFCS includes clauses that could benefit us financially if we reach certain milestones in terms of the volume of our activity or assets under management with WFCS. Therefore, we have an incentive to recommend certain strategies that will benefit us.

### Commented [ACM11]: Instruction to Item 12.

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

**Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients'* interest in receiving most favorable execution.

c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your *clients'* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

**Note:** This description must be specific enough for your *clients* to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

f. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits you received.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients'* interest in receiving most favorable execution.

b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

### 3. Directed Brokerage.

Clients in the WTI Institutional Advisory Services Program do not maintain brokerage accounts with WFCS. Per client direction, trades are executed through unaffiliated broker dealers.

Generally as a matter of Firm policy, WTI neither inventories securities for trading profit nor engages in underwriting activities. To the extent permitted by applicable law, however, WTI may (1) buy securities from, or sell securities to, a client for WTI's own account, as principal, and (2) effect "agency cross" transactions in which WTI (or any person controlling, controlled by or under common control with WTI) acts as agent for both the buyer(s) and seller(s) in the transaction. In both types of transactions, WTI may have potentially conflicting divisions of loyalties and responsibilities. In an "agency cross" transaction, WTI may receive compensation from parties on both sides of the transaction (the amount of which may vary). In a principal transaction, WTI may realize customary dealer profits or losses on the trade based on the spread between the client's cost and WTI's cost to purchase. Clients should be aware, however, that because of current legal constraints, which, among other things, require WTI to obtain the client's prior written consent to any transactions to which WTI acts as principal, WTI generally does not expect to effect transactions with advisory clients on a principal basis. Should WTI transact with a client on a principal basis, it will make appropriate disclosures to the client.

WTI may purchase securities such as municipal bonds in a principal capacity as to accommodate specific orders on behalf of client accounts. These types of transactions, on which there is a spread between the customer's cost and WTI's cost to purchase, are commonly known as "riskless principal" transactions. Similarly, WTI may participate in a selling group to accommodate specific orders for Accounts. WTI will comply with the provisions of Section 206(3) of the Investment Advisers Act of 1940 when the foregoing transactions so require.

#### **Item 13 – Review of Accounts**

Account reviews are carried out on a regular basis throughout the year. Account reviews include the monitoring of equity, fixed income, and cash levels for each account by investment objective (asset allocation), the concentration of any security in an Account, the security selection, and the investment rating of any bond held in the Account.

Clients receive an account statement from WFCS on no less than a quarterly basis showing all transactions, receipt of sale proceeds, dividend and interest income, and payments for security purchases and other disbursements. You may also request a portfolio performance review at any time. The review consists of performance reports that reflect assets held, income for the period, and increases or decreases in the market value of the Account. Other information may be provided which lists each of the holdings in an Account priced at the close of a specified date, the market value, unit and aggregate cost of each holding, the interest/dividends paid, and yield.

Your Adviser Representative will also provide you with a performance report and review no less than annually showing the allocation of assets in your Account(s) as well as the performance of your Account(s) during the previous year. In addition, the review should monitor and identify changes in your objective, risk tolerance, or financial status that may require a re-evaluation of your investment portfolio.

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

From time to time WTI enters into agreements, which comply with Rule 206(4)-3 and other requirements of the Investment Advisers Act of 1940, providing for the payment of a portion of the advisory fee to employees of WTI's affiliates who refer clients to WTI. Additionally, WTI also enters into agreements with independent contractors or firms not affiliated with it ("Solicitors") for the promotion of investment advisory services to qualified prospects. Under certain circumstances WTI pays these Solicitors a retainer payment and/or a percentage of its fee as disclosed in the Solicitor's Agreement. Solicitor payments will not increase the overall fee charged to clients.

Because affiliates and non-affiliated Solicitors will in certain circumstances be compensated for referring clients, there is an inherent conflict of interest. This conflict arises because, among other things, individuals may refer potential clients for the sole purpose of earning the referral fee. Just because a referral was made does not imply that an investment or advisory account is appropriate for you. The conflict is mitigated by disclosing it to you, and we review all new accounts for appropriateness and suitability before they are opened.

#### Item 15 – Custody

Clients should receive at least quarterly statements from your custodian. WTI urges you to carefully review such statements and compare such official custodial records to the account reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### Item 16 – Investment Discretion

For PIM Accounts, WTI usually receives discretionary authority from the client at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account as stated and agreed in the Investment Advisory Agreement. Any investment guidelines and restrictions that deviate from those in the Investment Advisory Agreement must be provided to WTI in writing.

When selecting securities and determining amounts, WTI observes the investment policies, limitations and restrictions of the clients for which it advises.

#### Item 17 – Voting Client Securities

As a matter of Firm policy and practice, WTI does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WTI Adviser Representatives may provide advice to clients regarding the clients' voting of proxies.

##### Commented [ACM12]: Instruction to Item 3.

A.If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

B.If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

**Note:** If you compensate any *person* for *client* referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of *investment adviser representatives* apply.

##### Commented [ACM13]: Instruction to Item 15.

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

**Ascendant Comment:** According to our reading of Rule 206(4)-2 of the Investment Advisers Act, an adviser is only required to *urge* such a comparison between its statements and the qualified custodian's statements if an adviser has authority to open accounts on clients' behalfs (e.g., adviser has general power of attorney, acts as trustee, or other circumstances). However, this instruction imposes a broader disclosure obligation for Item 15. Remember that for these purposes SEC registered advisers are deemed to have custody based solely on the ability to debit advisory fees.

##### Commented [ACM14]: Instruction to Item 16.

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

##### Commented [ACM15]: Instruction to Item 17.

A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

## Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. WTI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Under no circumstances does WTI require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement with this Brochure.

### Commented [ACM16]: Instruction to Item 18.

A.If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1.The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2.Show parenthetically the market or fair value of securities included at cost.

3.Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

**Note:** If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

**Note:** If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your *brochure*.

**Exception:** You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.

B.If you have *discretionary authority* or *custody of client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

**Note:** With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the *state securities authorities*, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per *client*, six months or more in advance.

C. If you have been the subject of a bankruptcy petition at any time during the .past ten years, disclose this fact, the date the petition was first brought, and the current status.