

## DISCLOSURE BROCHURE

September 21, 2020

This brochure provides information about the qualifications and business practices of Stifel, Nicolaus & Company, Incorporated (“Stifel”) and the wrap fee programs that we offer. We also offer other advisory programs, including (but not limited to) advisory consulting services and fee-based financial planning services, which are covered in separate brochures. If you have any questions about the contents of this brochure, please contact us at the address or telephone number provided below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Stifel, Nicolaus & Company, Incorporated is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply a certain level of skill or training.

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• NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NO BANK GUARANTEE •  
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## MATERIAL CHANGES

Since Stifel, Nicolaus & Company, Incorporated (“Stifel” or the “firm”)’s last annual update in March 2019, the firm has experienced the following changes that may be considered material:

### Disciplinary Matters

We updated the section – Disciplinary Information – to disclose the following matter:

- On September 1, 2020, Stifel entered into a Letter of Acceptance, Waiver, and Consent (“AWC”) with FINRA to settle allegations that, during the period of October 31, 2017 through February 27, 2020, the firm lacked a supervisory system, including written supervisory procedures (WSPs), reasonably designed to detect and prevent Stifel and its registered representatives from executing pre-arranged transactions in violation of Municipal Securities Rulemaking Board (MSRB) Rule G-27. While not admitting or denying the allegations, the firm consented to a censure and monetary fine of \$40,000 to settle the allegations. As indicated in the AWC, Stifel updated its supervisory system and WSPs regarding the cited supervisory deficiencies prior to the entry of the AWC.

### Suitability of Advisory Program

We enhanced the discussion under the section – *Services We Provide* – to note that we offer both brokerage and advisory programs and that most of our representatives are licensed and qualified to provide both types of services. We encourage you to consider the fees and expenses associated with both brokerage and advisory options when selecting an account option (or considering your existing accounts). In the section – *Fees and Compensation – Stifel Fee* – we also note that we do not reduce the wrap fee that you have agreed to pay when you elect not to receive any of the services that would otherwise have been covered by a wrap fee.

### Changes Affecting Certain Programs Offered at Stifel

- We are no longer offering the Stifel Spectrum Program to new clients; in addition, client accounts enrolled in the Stifel Spectrum Program are scheduled to be moved into our Stifel Opportunity Program, effective April 1, 2020. For this reason, we have deleted all references to the Stifel Spectrum Program from this brochure, including in the section – *Wrap Fee Program Offered by Stifel*.
- In March 2020, we updated the section – *Wrap Fee Programs – Stifel Fundamentals Program* – to add new portfolios available in the program, the Dynamic Global ETF Portfolios. These portfolios are managed in collaboration by our Traditional Products Research Group (for the investment selection), and the Investment Strategy Group (for the asset allocations). The section also reflects the new names for certain portfolios in the Fundamentals Program as follows: the Mutual Fund Portfolios are now called the Dynamic U.S.-Focused Mutual Fund Portfolios; the Strategic ETF Portfolios are now called the Dynamic U.S.-Focused ETF Portfolios; and the Core American Portfolios are now called the Dynamic U.S.-Focused Core American Portfolios.
- In September 2020, we updated the section – *Wrap Fee Programs – Stifel Fundamentals Program* – to add new portfolios available in the program, the Stifel Choice Portfolios. These portfolios are managed collaboratively by our Investment Strategy Group (for asset allocations and stock selection), our Traditional Products Research Group (for the investment selection of traditional mutual funds and ETFs), and our Alternative Investments Due Diligence Group (for the investment of mutual funds and ETFs considered Liquid Alternatives).

### Changes Affecting Methods of Analysis, Investment Strategies, and Risk of Loss

In July 2020, we updated the section – *Methods of Analysis, Investment Strategies, and Risk of Loss* – to add new detail on the investment strategies for the Stifel Choice Portfolios and to outline the risks associated with general economic and market conditions risk, equity risk, mid cap and small cap company risk, emerging markets equities risk, American Depositary Receipts risks and municipal securities risk. We encourage you to review this section carefully if you are considering investing in any portfolios that may contain these investments.

### **Potential Delays in Processing Maintenance Requests**

- Under the section – *Other Information About the Programs – Processing Guidelines for Ongoing Maintenance* – we highlight that, in discretionary programs, there is typically a delay between the time you deposit funds into your account(s) and the time those funds are actually available for trading by our firm and/or the adviser with discretionary trading authority over your account(s). Similarly, there are generally delays between the time you relay your instruction(s) to liquidate your account (or positions in your account) to your Financial Advisor and the time trades to implement those instructions are ultimately implemented by our firm or an adviser. We encourage you to review this section carefully to understand the impact that this will have on you, particularly in times of significant market volatility.
- Under the section – *Other Information About the Programs – Terminations; Refund of Fees Upon Termination* – we note that we will consider a request to liquidate all positions in a discretionary account as a request to terminate that account from the investment advisory program in which the account is enrolled. We may also consider requests to liquidate a significant portion of the account (determined in our sole discretion) as a termination request. You should also review this section to understand the effect that a termination request will have on accounts in our discretionary programs, including potential delays that you could experience if you are seeking to liquidate positions in your account with your termination request.

### **Billing Process Changes Affecting Our CAP Program**

Under the section – *Fees and Compensation – Calculating Advisory Account Fee* – we note various changes affecting our billing processes for accounts enrolled in our Custom Advisory Program (“CAP”), effective April 1, 2020. We previously communicated these changes to you if you have accounts in the CAP Program and will be affected by these changes. In general, these billing process changes include (i) aligning the payment dates for the Stifel fee and product fees for portfolios in CAP so that both will now payable in advance (product fees were previously paid in arrears), (ii) changing the threshold for adjustments to the Stifel fee and/or rebates due back to you in the event of additions and/or withdrawals from your account – this threshold is now set at \$1, and (iii) noting that, in the event of changes that affect the portfolios in which your account is invested (e.g., moving between portfolios, or adding more money to or withdrawing money from, existing portfolios) the related product fee adjustments will be made without any thresholds, and will be netted to reflect a single adjustment on your monthly customer account statement.

### **Clarification on Investment Restrictions**

Under the section – *Advisory Business – Investment Restrictions* – we made various edits, including to clarify that, in the event of a restriction, funds that would otherwise have been allocated to the restricted security are typically held in cash. Moreover, in connection with discretionary accounts for which our Financial Advisor and/or firm has trading discretion, we use vendor systems to manage investment restrictions, and refer to these systems in order to determine if/when a category investment restriction applies (e.g., no investment in an industry or sectors). From time to time, the vendor may change the levels of revenue and/or assets that an issuer can have before a particular category restriction applies. Investment advisers with trading authority over client accounts in our wrap programs may use their own systems to determine the levels at which an investment restriction applies. We encourage you to review this section carefully if you are considering imposing investment restrictions on your discretionary accounts. If you are investing in a portfolio traded by its adviser, you should review the adviser’s Form ADV 2A for its policies/procedures around category investment restrictions.

### **Limitation on the Availability of Funds at Stifel**

We made various edits in the section – *Additional Information on Fees and Compensation – Fees From Funds* – to note that, among other considerations, our decision to make a fund (or share class) available at Stifel or within our advisory programs will depend on whether the related fund company pays us sub-transfer agency, networking, and/or omnibus fees to compensate us for the costs and expenses incurred in servicing fund shareholder accounts. This represents a conflict of interests for us, as it means that the funds (or share classes of funds) we offer or choose at Stifel or in our advisory programs will not necessarily be the lowest cost share class for which your account may be eligible because there may be less expensive share classes that do not pay us such omnibus fees and/or networking fees

### **Cash in Advisory Programs**

- We enhanced the disclosures under the section – *Material Risks – High Cash Balance Risks* – in general, we bill on all cash held in our wrap programs. If you hold high levels of cash in an account enrolled in our wrap program for extended periods of time, you are likely to experience negative performance in that account, particularly if you leave that cash in an automatic sweep option rather than investing it in other cash equivalents available to you at Stifel. As always, you have the option of moving your cash to a brokerage account at our firm, in which case the cash will not be subject to an ongoing advisory fee.
- We made various edits to the discussion of available cash sweep options at Stifel, under the section – *Cash Sweep Program* – of the brochure. In general, we offer bank deposit sweep programs under which cash in your account is held in one or more deposit accounts at participating banks in the program. Our banking and/or trust company affiliates approved to serve as deposit institutions participate in the programs and, as such, also benefit when your cash is held at their institutions. You should review this section carefully for an understanding of the conflicts of interests associated with our cash sweep programs.

### **Principal Transactions in Advisory Accounts**

In the section – *Participation or Interest in Client Transactions* – we note that, where allowed by applicable law and/or regulatory guidance, certain investment managers can direct principal transactions (including syndicate transactions) in wrap accounts. In connection with such transactions, we will act *solely* in our capacity as a broker-dealer when executing the transaction, and will retain the related transaction-based compensation earned (including, but not limited to, selling concessions). Additionally, in the section – *Fees and Compensation – Other Fees and Expenses Not Included in the Advisory Account Fee* – we note that any compensation that we earn as broker-dealer in connection with principal transactions directed by investment managers are separate and apart from the advisory fees that you otherwise owe for your wrap account.

### **Unavailability of Certain Portfolios to Foreign Clients**

Under the section – *Account Requirements* – we note that certain portfolios at our firm are not available to citizens and/or residents of certain countries. If you reside in another country, you should discuss these issues with your Financial Advisor prior to directing an investment in any portfolio.

### **Other Excluded Fees and Expenses**

We have updated the section – *Other Excluded Fees and Expenses* – to add more detail in the discussion of the types of fees and expenses that Clients will be responsible for, and separately bear the cost of, in addition to the Advisory Account Fee. These include, for example, fees or expenses assessed to a Client's investments or account by third parties (or by Stifel in order to pay such third parties), as well as fees or charges associated with cash management options or privileges selected for an account (such as check-writing, debit or credit card services, and e-bill services). We encourage all Clients to carefully review the discussion of excluded costs in their agreements and/or the Disclosure Brochure.

### **Limitation on the Availability of Funds at Stifel**

We made various edits in the section – *Additional Information on Fees and Compensation – Fees From Funds* – to note that, among other considerations, we may decide to terminate or remove existing funds from our platform and/or our advisory programs for any reason, including because the terminated funds do not reimburse our firm for sub-transfer agency and related shareholder services. When a fund is terminated, clients can no longer purchase new or additional share of the fund and (in certain cases) we may sell existing shares held in client accounts. You should review this section of our disclosure brochure for more details, including for a discussion of the conflicts of interests that we face in connection with making funds available for purchase at our firm.

### **Proxy Voting**

We made various edits to the section – *Proxy Voting*. In general, we have retained a third-party vendor to provide proxy voting research and recommendations, and to vote client proxies on our behalf. The vendor determines its voting recommendations based on its standard proxy voting guidelines. If your account is invested in a portfolio that is traded by its adviser and you choose to delegate proxy voting, the adviser will typically vote proxies for your account. If the adviser is unwilling to accept the delegation, we will forward proxies received for your account to our third-party vendor for appropriate voting recommendations and actual voting. We can provide the vendor's standard proxy voting

guidelines to you at any time, upon request. If our third-party vendor is unable to provide us a voting recommendation, we will determine the vote unless we (i) determine that we have a conflict of interest in connection with the matter, (ii) do not have sufficient information about the affected clients to vote, or (iii) determine that voting would lead to conflicting outcomes for such clients, in which case, we will abstain from voting (or provide “do not vote” instructions). Our policies provide that in cases where we are determining the vote, we will vote with management on routine issues and will vote non-routine issues in a manner calculated and intended to maximize shareholder value. Where the Proxy Voting Agent is unable to provide a voting recommendation and there is a conflict between our firm’s interests and your interests, we generally will abstain from voting.

*Instead of providing an updated brochure each year, we generally provide this summary of material changes by April 30 of each year. **Because it is a summary, it does not contain all of the updates that were made to the brochure.** Please read the full brochure, which is available to you at no charge on our website at [www.stifel.com](http://www.stifel.com) under the section “Important Disclosures,” or by contacting your Financial Advisor. Capitalized terms used in this section have the meanings assigned to them in the main body of this brochure.*

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## EXECUTIVE SUMMARY

### About Stifel, Nicolaus & Company, Incorporated

Stifel, Nicolaus & Company, Incorporated (“Stifel”) is a broker-dealer that has been registered with the SEC since 1936 and an investment adviser that has been registered with the SEC since May 7, 1975. Stifel is owned by Stifel Financial Corp., a publicly held company whose common stock trades under the symbol “SF.” Stifel is a leading full-service wealth management, investment advisory, broker-dealer and investment banking firm serving the investment and capital needs of its clients. Stifel is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”), and various exchanges. Information about Stifel’s qualifications, business practices, portfolio management techniques, and affiliates is accessible on our website at [www.stifel.com](http://www.stifel.com) as well as via publicly available filings with the SEC at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In this brochure, the pronouns “we,” “our,” “us,” and similar words will refer to Stifel. The pronouns “you,” “your,” and similar words will refer to you as the Client. References to the singular throughout this brochure include the plural and vice versa. Capitalized terms shall have the meanings assigned to them in this brochure.

### Services We Provide

We offer both investment advisory (“Advisory”) and brokerage services to our Clients. As a dual-registered broker-dealer and investment adviser, most of our registered representatives are licensed and qualified to provide both brokerage and investment advisory services. We encourage our representatives to discuss the costs and benefits of each option with you.

We believe that investment advisory services are suitable and appropriate for a wide variety of our clients; however, these services are not for everyone. There may be times when the fees and expenses associated with investment advisory services may exceed those that would apply for brokerage-only services. We encourage you to review both options very carefully before settling on one option.

This brochure focuses on primarily our advisory services; however, we also discuss various aspects of our brokerage services throughout this brochure, particularly under the section “Brokerage Practices” below. You can also obtain additional information relating to our brokerage services by referencing your Stifel Account Agreement and Disclosure Booklet provided in connection with your custodial account at Stifel, a copy of which is also available under the “Important Disclosures” section of [www.stifel.com](http://www.stifel.com) (“Account Agreement”).

***You should understand that brokerage services are separate and distinct from Advisory services, and that different laws, standards of care, and separate contracts with clients govern each. While there are similarities among brokerage and Advisory services, our firm’s contractual relationship with and legal duties to you are subject to a number of important differences depending on whether we are acting in a brokerage or Advisory capacity.***

## ADVISORY BUSINESS

### Types of Advisory Services Offered By Stifel

Our services include discretionary and non-discretionary Advisory services, which generally involve account and/or portfolio management, asset allocation and related services, and recommendation of, or assistance with the selection of, securities and/or investment advisers (“Advisers”). Such Advisers may include firms that are independent of our firm (“Independent Advisers”) as well as firms owned by our parent company, Stifel Financial Corp., or one of its subsidiaries (“Affiliated Advisers”). We enter into written advisory agreements (each, an “Advisory Agreement”) with clients acknowledging our Advisory relationship and disclosing our obligations when acting in an Advisory capacity to Clients. We provide Advisory services to a variety of Clients, including individuals, corporations and other businesses, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, state and municipal government entities, private funds, educational institutions, insurance companies, and banks or thrift institutions (“Clients”). We generally provide Advisory services through our investment advisory representatives (“Financial Advisors”), who determine the services that are most appropriate for Clients based on each Client’s stated individual investment goals, financial circumstances, and other information provided by the Client. We may fulfill a Client’s wealth management needs by acting as broker-dealer, investment adviser, or both. Our Advisory services cover many types of debt and equity (or equity-related) securities of domestic and foreign companies, as well as national, state, and local government issuers, whether trading on an exchange or over-the-counter. In addition to stocks and fixed income securities, we may also recommend or invest Client assets in other types of investments, such as rights and warrants, options, certificates of deposit (“CDs”), mutual funds and other open and closed-end funds, exchange traded products (“ETPs”), including exchange traded funds (“ETFs”), unit investment trusts (“UITs”), real estate investment trusts (“REITs”), American Depositary Receipts (“ADRs”), foreign ordinary shares, publicly traded master limited partnerships (“MLPs”), private investment vehicles (including, but not limited to, hedge funds and private equity funds), and other investments deemed appropriate for our Clients.

### Assets Under Management

As of December 31, 2019, we had approximately \$57,007,624,632 of Client assets that were managed on a discretionary basis and \$40,679,455,268 in non-discretionary assets.

### Our Responsibilities as an Investment Adviser

When serving as an investment adviser to Advisory Clients, we are acting as a fiduciary with respect to the assets held in accounts covered by the Advisory Agreement. In our capacity as an investment adviser, we are held to the legal standards set forth in the Investment Advisers Act of 1940 (the “Advisers Act”), certain state laws, and common law standards applicable to fiduciaries, as well as, where applicable obligations imposed under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or other relevant regulations for Advisory

retirement accounts. Such standards include the duty of care, including the obligation to have a reasonable basis for believing that our investment recommendations are suitable and consistent with Client's stated objectives and goals (including any restrictions placed on the account by the Client) and the duty of loyalty, including the obligation to provide Clients with full disclosure of material conflicts of interest. Our duties of care and loyalty differ depending on our Client relationship, authority, agreed services, and other factors, including whether we provide non-discretionary versus discretionary services or when we provide episodic (e.g., financial planning) versus continuous advice. Our duty of care may be defined in our Client agreement, and our duty of loyalty may be modified or limited through Client disclosure and affirmative or implied Client consent by receiving and not objecting to the disclosure. Additional information about our fiduciary obligations, including some of the policies and procedures that we undertake to fulfill those obligations, is available throughout this brochure, including under the section entitled "Participation or Interest in Client Transactions."

### **Investment Restrictions**

If you have accounts in our discretionary programs, you may impose investment restrictions on any of those accounts (or specific assets within the accounts), such as restricting investments in specific securities, types of securities, industries, or sectors. We generally require Clients to provide requests for investment restrictions in writing. If we determine that your proposed investment restrictions are reasonable and accept them, we and/or the Adviser you have selected will be responsible for implementing, and managing the account consistent with, the restrictions that you have imposed. It is important for you to understand that if the restrictions are approved and imposed on your account, the performance of the account will differ (even significantly) from the performance of other accounts in the same portfolio without similar restrictions.

You may request in writing that specific mutual funds or ETFs not be purchased in your discretionary Advisory account(s); however, *we cannot accommodate requests to restrict the underlying securities that may be purchased or sold by mutual funds, ETFs, private funds, or other collective investment vehicles in Advisory accounts.*

Where an investment restriction applies to prevent the purchase of a security, the funds that would have been invested in the restricted position are usually held in cash; in limited circumstances, the funds may be invested in cash equivalents (including short-term fixed income instruments) at our discretion. If your account is traded by its Adviser, the Adviser will determine the appropriate alternative to use in the event of a restriction, consistent with its policies as disclosed in its Form ADV 2A. In each case, a higher than usual allocation to cash, cash equivalents, or other securities as a result of investment restrictions will impact the performance of the account relative to other accounts that are fully invested.

We define and/or identify certain permissible category restrictions (e.g., prohibiting investments in particular industries or based on social consciousness) by reference to information

provided by a third-party service provider using the provider's proprietary methodologies. If you elect to impose investment category restrictions on an account, we will apply the restrictions based on our internal policies, by referencing the third-party service provider's information. The service provider typically flags securities as violating specific category restrictions based on the issuer's revenue or asset levels from the restricted activity(ies). The threshold or level at which revenue or assets are considered to have violated a particular restriction can change at any time, without notice to you. In addition, you should note that Advisers with trading responsibility over your account may use their own trading systems and, as a result, may use different reference points than Stifel in defining prohibited investments, activity, or revenue levels for category restrictions.

As set forth above, we accept investment restrictions only if we conclude that those restrictions are reasonable and can be accommodated through our current monitoring processes. We will reject any proposed investment restriction that does not meet this standard, in which case you have the option of (i) modifying your restrictions until acceptable to us or (ii) not opening or otherwise terminating your discretionary account(s) with us.

We generally do not accept the responsibility for monitoring investment restrictions in non-discretionary accounts. As a non-discretionary account, you must approve recommendations for your account before the related trades can be implemented. We expect you to consider your applicable investment restrictions when considering recommendations for your non-discretionary account(s), and to approve a trade only to the extent you conclude that the recommendation does not violate your investment restrictions.

### **WRAP FEE PROGRAMS OFFERED BY STIFEL**

We offer a number of different wrap fee programs (each, a "Program" and collectively, the "Programs") as well as, where applicable, different portfolios within each Program (each, a "Portfolio" and collectively, the "Portfolios"). For these Programs, we are the sponsor and, in certain Programs, both the sponsor of the Program and portfolio manager for Portfolios within the Program. A "wrap fee" is an annual fee paid by a Client that is intended to cover applicable services to the account, including investment advice and, where applicable, may include portfolio management, trade execution, clearing, settlements, custody, administrative, and account reporting services provided by Stifel, as well as investment advice and/or portfolio management services provided by an Adviser to the Portfolio. To the extent that portfolio management or similar services are provided by Advisers, a portion of the wrap fee will be paid to such Advisers for their services – please refer to the section "Fees and Compensation" below for additional details about our wrap fees (also called Advisory Account Fees). Additional information about the Programs covered by this brochure is provided below.

Throughout this brochure and depending on the type of Program referenced, the term "portfolio manager" shall refer to, as applicable, i) Stifel where it or your Financial Advisor, as agent



for Stifel, provides discretionary portfolio management services (e.g., in connection with our Solutions Program discussed below) and/or ii) an Independent Adviser or Affiliated Adviser to whom Stifel has delegated discretionary authority as a sub-adviser, such as manager-traded Portfolios in our Opportunity Program, or to whom you have otherwise granted investment discretion, such as an Adviser with whom you have entered into a separate investment advisory agreement within our Connect Program. Finally, we may refer to Portfolios provided by Advisers and made available through our Programs as “Adviser Portfolios” throughout this brochure.

## STIFEL SOLUTIONS PROGRAM

### About Our Solutions Program

Our Solutions Program (“Solutions”) offers discretionary account management by certain Stifel Financial Advisors who are approved to participate in the Solutions Program.

Once a Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Financial Advisor will assist the Client in selecting an appropriate strategy for all or part of the Client’s asset allocation in the Solutions account. To implement a Client’s investment objectives and risk tolerance, a Financial Advisor may utilize fundamental, qualitative, quantitative, and/or technical research published by Stifel or another source. Financial Advisors in Solutions may also employ short-term purchases and/or limited options trading, provided such strategies are suitable and appropriate for the Client and, as applicable, approved for the account. Our Financial Advisors use different strategies to manage Client accounts, and a Financial Advisor may utilize multiple strategies and/or may customize a strategy to fit particular Clients’ situations. As such, the performance of accounts managed by any one Solutions Financial Advisor will differ (at times, materially) from similarly situated Client accounts of other Financial Advisors. Each Client is encouraged to discuss and review with the applicable Financial Advisor how the Client’s account will be managed, as well as the specific risks applicable to the Client’s Solutions account.

## STIFEL OPPORTUNITY PROGRAM

### About Our Opportunity Program

In our Opportunity Program (“Opportunity”), we offer Clients access to various Portfolios by Independent and Affiliated Advisers. Once a Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Financial Advisor will assist the Client in selecting one or more suitable Portfolios from those available in the Opportunity Program. Each Client should carefully review each proposed Portfolio to understand the types of investment the Portfolio will make as well as the risks related to each such Portfolio prior to investing in any Portfolio.

We have entered into a master agreement (or sub-advisory agreement) with each applicable Adviser pursuant to which the Adviser makes its Portfolios available to our Clients in one of two ways: a Portfolio may be traded directly by its Adviser (in such case, a “Manager-Traded Portfolio”), or we may retain

trading responsibility over accounts in the Portfolio (in such case, a “Model-Based Traded (“MBT”) Portfolio”).

**Manager-Traded Portfolios.** The Adviser for a Manager-Traded Portfolio assumes full discretionary portfolio management responsibilities over each Client account invested in the Portfolio (in that capacity, the Adviser will be referred to as an “Investment Manager”), including determining the securities to be bought or sold, implementing those decisions for the invested accounts, and for all other aspects of portfolio management for the accounts. An Investment Manager may implement trades through Stifel in our capacity as a broker, or may implement trades through another broker-dealer if the Investment Manager determines, in its sole discretion, that such other broker-dealer is providing best execution in light of all applicable circumstances. Please refer to the section “*Fees and Compensation – Fees and Expenses Associated With Trades Executed By Investment Managers Away From Stifel*” for more information about Investment Managers’ trade-away practices.

**MBT Portfolios.** Alternatively, if you select an MBT Portfolio, the Adviser will provide us with its model Portfolio and ongoing updates, and we will be responsible for implementing those transactions (in such capacity, the Adviser will be referred to as a “Model Adviser”). Therefore, with respect to MBT Portfolios in Opportunity, we will retain discretionary trading authority over Client accounts.

## STIFEL HORIZON PROGRAM

### About Our Horizon Program

Under the Horizon Program (“Horizon”), a Financial Advisor provides Clients non-discretionary Advisory services, such as recommending and advising on the appropriateness of specific investments for Clients in accordance with their stated investment objectives and risk tolerance. In the Horizon Program, Financial Advisors may recommend any of the investments listed above under the section “Advisory Business,” provided such strategies are suitable and appropriate for the particular Client.

If you enroll your account in the Horizon Program, you will be ultimately responsible for determining whether to implement your Financial Advisor’s recommendations for the account.

## STIFEL CONNECT PROGRAM

### About Our Connect Program

In our Connect Program (“Connect”), a Financial Advisor assists Clients in the selection of an Adviser to manage the Client’s Connect account on a discretionary basis, in accordance with the terms of a separate investment advisory agreement between the Client and the Adviser (in this case, each a “Connect Adviser”). In each case, the Financial Advisor will assist the Client in establishing and maintaining a relationship with the Connect Adviser.

*In the Connect Program, you will have a separate and direct relationship with the Connect Adviser, and the Connect Adviser will have trading authority over your account (for this reason,*

*the term Investment Managers as used in this brochure will also refer to Connect Advisers). Stifel does not have and will not exercise any discretionary authority with respect to the management of the assets in the account. Additionally, if you are considering entering into Connect Program arrangements, you should note that Stifel performs limited due diligence with respect to Connect Advisers, as discussed under the section titled “Portfolio Manager Selection and Evaluation.” As a result, you will be responsible for carefully reviewing any and all information and/or material provided by the Connect Adviser, and for determining the appropriateness of continuing the relationship.*

Finally, you should note that any fees charged by a Connect Adviser and any other third-party fees or expenses incurred by your account as a result of implementing the Connect Adviser Portfolio are separate from the fees charged by Stifel, and are not considered part of the Stifel Fee or Product Fee (as defined in the section “Fees and Compensation” below).

## STIFEL FUNDAMENTALS PROGRAM

### About Our Fundamentals Program

Under our Fundamentals Program (“Fundamentals”), Financial Advisors assist Clients in selecting from a set of proprietary Portfolios. Available Portfolios utilize mutual funds, ETFs, or individual equity securities; more Portfolios that utilize other types of investments may be added to the Program in the future.

Once a Client has established his/her investment objectives, goals, risk tolerance, and an overall asset allocation, the Financial Advisor will assist the Client in selecting one or more suitable Portfolios from those available in the Fundamentals Program. Each Client should carefully review each proposed Portfolio to understand the types of investments the Portfolio will make, as well as the risks related to each such Portfolio prior to investing in any Portfolio. Clients grant Stifel discretionary authority to invest account assets in accordance with the chosen Portfolio, and to rebalance account assets periodically in order to implement any updates made to a Portfolio.

### Fundamentals Portfolio Management Process

For investments in mutual funds and ETFs, Stifel’s Investment Strategy Group (“ISG”) guides the asset allocation of each Portfolio within and across the asset classes, which may be influenced by the firm’s long-term strategic asset allocation and shorter-term dynamic asset allocation guidance.

The Traditional Products Research Group (“TPRG”) selects the specific traditional mutual funds and ETFs to be included in the Portfolios (other than for the Tactical ETF Portfolio). For mutual funds or ETFs considered to be Liquid Alternatives (as defined below), Stifel’s Alternative Investments Due Diligence Group (“AIDDG”) selects the funds to be included in the Portfolios. Then these three teams (ISG, TPRG, and AIDDG) work together to establish the allocation to each of the selected funds so that they align with the desired asset allocation of the Portfolio.

New mutual fund and ETF portfolio holdings may be, but are not required to be, selected from the firm’s Recommended Lists. TPRG and AIDDG each periodically reviews its positions in the Portfolios and may (but need not) adjust the Portfolios when a position is dropped from the applicable Recommended List, or when each determines that a different investment represents a better investment opportunity for the particular Portfolio. Additional information about the processes employed in developing each Recommended List is provided below under “Portfolio Manager Selection and Evaluation – Recommended Lists.”

For investments in individual securities, ISG selects the securities to be included in the Portfolios and manages the allocations across various holdings. The team may utilize equity research from Stifel’s Research Department as part of its analysis of individual securities.

### Dynamic U.S.-Focused Mutual Fund, ETF, and Core American Portfolios

The Dynamic U.S.-Focused Mutual Fund, ETF, and Core American Portfolios invest in mutual funds and/or ETFs, and generally align with ISG’s Dynamic U.S.-Focused asset allocation models. The allocation for each Portfolio is designed to fit a specified risk tolerance level and objective, defined primarily by the equity allocation for that risk exposure; Clients and their Financial Advisors can select the option that best suits the Client’s desired risk exposure and objective.

### Dynamic Global ETF Portfolios

The Dynamic Global ETF Portfolios invest in mutual funds and/or ETFs, and align with ISG’s Dynamic Global asset allocation models. The global models and Portfolios have a larger allocation to non-U.S. equities than the Dynamic U.S.-Focused Portfolios discussed above. Non-U.S. equities in the Portfolios include developed market equities, and usually include emerging markets equities. As such, these Portfolios will have greater exposure to foreign securities risks detailed in the Methods of Analysis, Investment Strategies, and Risk of Loss section of this brochure.

**Option of Traditional or Alternative Models.** The Dynamic Portfolios are generally available as traditional models (that is, invested solely in traditional mutual funds and/or ETFs), and some are available as alternative models that include allocations to non-traditional or alternative mutual funds or ETFs (also referred to as “Liquid Alternatives”). A Liquid Alternative fund may be defined by how its manager invests (that is, use of alternative strategies), as well as what the fund invests in (such as, for example, investing in real estate or commodities). In general, Liquid Alternatives may employ a wide variety of investment techniques, including (but not limited to) shorting of equities and credit and the use of derivatives or leverage. *Clients should carefully review the risks associated with each model being considered for investment.*

### Tactical ETF Portfolios

Stifel ISG manages the Tactical ETF Portfolios and, in that capacity, is responsible for determining an appropriate asset allocation for each Portfolio, as well as for determining the

specific ETFs that will populate each Portfolio. In constructing and monitoring the Tactical ETF Portfolios, ISG develops tactical/dynamic views that are derived from a long-term view of the investment universe coupled with tactical tilting based on market outlook over the medium term. ISG then selects the ETFs for the Tactical ETF Portfolio using various qualitative measures, including, but not limited to, tracking error, liquidity, trading volume, and fees. The ETFs are selected from the list of ETFs generally available for purchase on Stifel's platform. ISG periodically reviews the selected ETFs and, as applicable, may (but need not) adjust the holdings when there is a shift in the allocation to a specific asset class or when ISG decides that a different ETF represents a better investment opportunity for a particular portfolio. ISG may periodically engage TPRG as it evaluates current or prospective ETF holdings.

**NOTE:** *The Tactical ETF Portfolios are not currently open for new investments.*

### **Stifel Choice Portfolios**

**Mutual Funds and ETFs Series** – Each Portfolio in this series aligns with ISG's dynamic leanings for a specific asset class or category. The offerings include, but may not be limited to, U.S. equity, non-U.S. equity, taxable fixed income, municipal fixed income, and Liquid Alternatives. These Portfolios are designed to provide Clients and their Financial Advisors flexibility in implementing custom asset allocations, allowing them to build a comprehensive portfolio by combining multiple offerings, or to satisfy an allocation to a particular asset class with an individual offering in these Portfolios to complement the Client's other investments. Clients should carefully review the risks associated with an investment in each offering.

**Equities Series** – The Stifel Choice Equities series is comprised of a number of Portfolios invested in individual stocks, with each Portfolio aligned with a specific segment or style of the U.S. Equity market. The offerings include, but may not be limited to: large cap high dividend stocks; large cap growth stocks related to a specific investment theme; income & growth with holdings selected from the large cap high dividend and large cap growth models; and small cap stocks. These Portfolios provide Clients and their Financial Advisors the additional flexibility of investing in one or more offerings, as necessary, to satisfy the Client's overall asset allocation and needs.

In general, ISG publishes its changes to the Stifel Choice Portfolios, including to Stifel Financial Advisors, after the changes have been implemented for client accounts in the Fundamentals Program. Some Financial Advisors may elect to follow and consider ISG's views for the Stifel Choice Portfolios, but implement these mandates through accounts enrolled in the Solutions or Horizon Programs, or through brokerage accounts, rather than by enrolling the accounts into the Fundamentals Program. The performance of Clients' accounts whose Financial Advisors elect to implement these views on their own will vary, at times significantly, from accounts in the Fundamentals Program.

## **STIFEL CUSTOM ADVISORY PORTFOLIO PROGRAM**

### **About Our Custom Advisory Portfolio Program**

The Custom Advisory Portfolio Program offers clients investment management services utilizing various investment products within a single account. Based on a Client's stated risk tolerance, investment objectives, and overall asset allocation, Financial Advisors will recommend and assist the Client in selecting eligible Investment Products in which to invest in order to implement all or a part of the Client's asset allocation in the Custom Advisory Portfolio. Eligible investment products for the Program include mutual funds, ETFs, and/or various Portfolios, including Portfolios that are also available in our Opportunity and Fundamentals Programs. Clients must approve investment product recommendations prior to implementation. Each Client-approved investment product will be segmented to a specific portion of the Client's Custom Advisory Portfolio (each, a "Sleeve"). Client must select any mutual funds or ETFs to be purchased directly from the list of eligible funds (determined in our sole discretion) approved for our Advisory platform. In addition, Clients also grant Stifel discretionary authority to act as overlay manager, to determine the specific Portfolios to be made available for the Custom Advisory Portfolio Program, to implement Client's selection of specific mutual fund and/or ETF sleeves at such time, price, and in such allocation as Stifel deems appropriate, and to rebalance Client accounts, from time to time, to within a reasonable range (set by us) of the target allocation for each sleeve comprising Client's Custom Advisory Portfolio.

## **STIFEL INVESTMENT MANAGEMENT CONSULTING PROGRAM**

### **About Our Investment Management Consulting Program**

*This Program is only available on a limited basis.* The Investment Management Consulting ("IMC") Program offers a comprehensive and structured approach to guide Clients through investment planning and portfolio management for one or more accounts, all covered under a single Advisory Agreement. The IMC Program is available for Clients looking for bundled investment advisory, consulting, discretionary investment management, trade execution and clearing, and custodial services. The services provided generally include a review of the Client's investment objectives and goals, the development of an appropriate personalized investment strategy, and ongoing monitoring of investments.

Depending on the Client's objectives and goals, Financial Advisors may assist clients in selecting an appropriate Portfolio made available in the Program by Independent and or Affiliated Advisers. These Portfolios are generally traded by the Adviser; however, there may be some Portfolios for which we have assumed trading discretion. Please refer to the discussion of manager trade-away practices under the section "Stifel Opportunity Program" above, including the discussion of the costs and other implications of such trade-away activity to clients invested in applicable Manager-Traded Portfolios. Alternatively, Financial Advisors may recommend that Clients implement all or a portion of their asset allocation through direct investments in mutual funds and/or ETFs. Finally, Financial Advisors may recommend that certain eligible Clients invest a

portion of their assets in private investment funds (such as hedge funds). In each case, Clients must approve each investment recommendations prior to implementation by their Financial Advisor.

At a Client's request, Financial Advisors may also provide investment management consulting services on assets held with a custodian other than Stifel.

## OTHER INFORMATION ABOUT THE PROGRAMS

As discussed above, we enter into written Advisory Agreements with Clients acknowledging our Advisory relationship, disclosing our obligations when acting in an Advisory capacity, and describing the roles and responsibilities of each party.

Where we have assumed trading discretion over an Adviser's Portfolio (i.e., for MBT Portfolios), there may be times when we are unable to implement an Adviser's recommendations for its model Portfolio due to various restrictions to which we are subject as a firm. For example, our policy is generally not to use discretion (investment or trading) in the purchase of our parent company stock, Stifel Financial Corp. (SF). If an Adviser were to relay model Portfolio recommendations that require the purchase of such securities, we would not implement such recommendation but would, instead, request a substitute from the Adviser. If the Adviser is unable or unwilling to provide a substitute, we will determine a substitute for the recommended position – we typically substitute cash for the position but may, on occasion, re-allocate among existing positions or use other alternatives that we deem reasonable. Clients should refer to the Cash Sweep section for information relating to how cash positions are typically held in accounts at our firm. For these reasons, Clients should be aware that MBT Portfolios, as implemented at Stifel, may differ from an Adviser's marketed Portfolios.

### Processing Guidelines for Advisory Accounts

#### *New Accounts Processing*

As set forth in our Advisory Agreements, our Advisory relationship with you begins after we have accepted a fully executed Advisory Agreement (referred to as the "effective date" in the Advisory Agreements). In general, this occurs after (i) your Financial Advisor has submitted all required account opening documentation through the appropriate channels (typically through our account opening system); (ii) all required internal approvals have been documented and submitted; (iii) our processing personnel have confirmed that the account documentation is in good form (for example, Client signatures are generally required to be dated within 60 days of submission); (iv) your account is funded with no less than the minimum amount required for the particular Program or Portfolio in which you are seeking to invest; and (v) the account has been coded as an Advisory account in our recordkeeping systems. Processing times may vary due to a number of factors, including (but not limited to) the volume of new Advisory accounts being processed, whether additional verification activities are needed, etc. If an account enrolling into a discretionary program has been funded (in whole or in part) with securities, additional

processing time will be required to liquidate the legacy positions in order to generate the funds needed to purchase Portfolio securities. We consider your decision to enroll the account as direction to us, in our capacity as a broker-dealer, to sell current positions in the account at market prices. Although effected as brokerage transactions, we do not charge commissions for such liquidating transactions. Where necessary, we may liquidate those positions by purchasing the securities into our inventory. We strive to liquidate legacy positions being used to fund Advisory accounts as promptly as possible; however, there is no assurance that we will be able to effect the necessary liquidations on the same day as the submission or that the execution prices achieved will be as favorable as could have been achieved if the positions were liquidated over time. Finally, even after our firm has completed reviewing an account's eligibility for a Program, additional delays may still occur if the account is to be traded by an Adviser. Some Advisers take multiple days to review Client profiles, proposed investment restrictions (if any), and any other special instructions prior to determining whether to accept an account into their Portfolios.

In general, you should note that the turnaround time for processing new Advisory accounts or conversions between Programs or Portfolios may take several business days to complete, even under normal market conditions. ***Neither Stifel nor any Adviser is responsible for changes in market prices that occur between the time you execute Advisory account documentation (or otherwise authorize enrollment into a Program or Portfolio) and the eventual investment of the account in the selected strategy.***

### ***Processing Guidelines for Ongoing Account Maintenance Requests***

Availability of Funds/Securities Added to Discretionary Accounts for Trading – When you add funds or securities to your discretionary accounts, those funds and/or securities are generally available for trading by the Adviser and/or our internal trading personnel **no earlier than** the next business day.

Processing Partial Liquidation/Withdrawal Requests in Firm Discretion and Adviser Portfolios – to the extent possible, we process liquidation requests promptly after our trading and/or processing staff receive those instructions from your Financial Advisor. If an Adviser has trading discretion over your account, we will then relay those instructions to the Adviser for implementation. You should note that, in periods of unusually high volumes (which may occur, for example, during highly volatile market conditions), we can take more than one business day to implement these requests. Additionally, if you are invested in an Manager-Traded Portfolio, you should also note that even after we relay a request to an Adviser, the Adviser may take some time (such as multiple days) to implement the request. You should refer to each Adviser's Form ADV 2A for applicable disclosures. In each case, please note that frequent withdrawals from your account will affect your account's performance. We reserve the right to terminate any account that falls below the minimum account value for the applicable Program due to partial liquidations/withdrawal requests.

You should refer to the section “Terminations; Refund of Fees Upon Terminations” below for a discussion of the processing guidelines relating to account terminations from our Advisory Programs.

**Other Maintenance Requests** – You may also experience delays in connection with other ongoing account maintenance requests. For example, in our CAP Program, we process re-allocation requests on the next business day after we receive notice of the request from your Financial Advisor. This means that the trades to implement a re-allocation among existing positions and/or Portfolios in your CAP account will lag **at least** one business day behind your communication of those same instructions to your Financial Advisor. During times of unusually high volumes of requests from Clients, it can take multiple business days to process and implement ongoing maintenance requests.

In each case, we recommend that you communicate your maintenance requests to your Financial Advisor as early as possible. You should note that, for certain securities (such as mutual funds), we are not able to process trade instructions received after 3:00 p.m. Eastern Standard Time.

***Neither Stifel nor any Adviser is responsible for changes in market prices that occur between the time you communicate an account maintenance request for any discretionary account to your Financial Advisor and the eventual implementation of that request by Stifel and/or an Adviser.***

## FEES AND COMPENSATION

For the services provided under the applicable Advisory Agreement, Clients pay an annual asset-based “wrap” fee at the rates set forth below (the “Advisory Account Fee,” the “fee,” or the “Advisory fee”). The Advisory Account Fee consists of: (i) a fee for the services provided by Stifel (referred to as the “Stifel Fee” or “Stifel Advisory Fee”) and, if applicable, (ii) a fee for the portfolio management services with respect to each Portfolio in which a Client’s Advisory account is invested (the “Product Fee(s)”). For Portfolios with no Product Fee, the Stifel Fee constitutes the entire Advisory Account Fee.

### ***The Stifel Fee***

For the Programs described in this brochure, each Client pays an asset-based wrap Stifel Fee of up to 2.5%, which covers our administrative, account reporting, and investment advisory services, trade execution for trades through or with Stifel, compensation to the Financial Advisor, and, as applicable, custody of securities, portfolio management, and clearing services.

You can generally negotiate the Stifel Fee with your Financial Advisor, subject in certain cases to final approval from Stifel (e.g., if the proposed fee is below certain ranges). Factors that Financial Advisors may consider in setting the Stifel Fee include (but are not limited to) the nature and size of the overall client relationship; your particular advice requirements and product preferences; and/or the level, type, and frequency of advisory and other services expected to be provided to you under the relationship.

As set forth above, you should generally consider the level of services that you are expecting to receive under the relationship when negotiating your fee(s) with your Financial Advisor. *You should note, however, that once you agree to a fee for an account, we will not reduce our fees if you decide not to take advantage of any of the services that would otherwise be covered by the wrap fee.* For example, if you open an account in our non-discretionary wrap fee program, your fee would not be reduced if you decide not to implement your Financial Advisor’s recommendations and, as a result, experience a low level of trades in your account. Similarly, we will not reduce our fee if you decide to move your assets to another custodian and, as a result, do not receive the custodial services that would otherwise have been covered by your wrap fee.

### ***Product Fees***

Depending on the Program and/or Portfolio selected, you will also be responsible for the applicable Product Fees used to compensate for any portfolio or model management services provided by an Adviser and/or internal Stifel units to the Portfolio. Product Fees vary by Program and/or Portfolio (including based on whether it is Manager-Traded or MBT), are generally not negotiable, and generally range as follows–

- **Manager-Traded Portfolios**: Between 0.10% to 1.00%, depending on the applicable Portfolio.
- **MBT Portfolios (including those in the Custom Advisory Portfolio Program)**: Between 0.10% to 0.50%, depending on the applicable Portfolio. Some Portfolios do not have a Product Fee, such as where the Adviser invests Portfolio assets in its affiliated mutual funds. If you invest in those Portfolios, you will (as always) be responsible for all fees and expenses of the funds in your account.
- **IMC Program**: Between 0.23% to 0.75%, depending on the Portfolio. Certain Advisers may charge a *premium* in addition to the Product Fee set forth above. In such cases, you will be responsible for any premium charged, the amount of which will be disclosed to you prior to enrollment with the particular Adviser.
- **Connect Program**: Stifel does NOT charge a Product Fee with respect to the Connect Program. **However**, the Connect Adviser ***charges a separate fee*** for its services, in each case as specifically set forth in your separate agreement with such Connect Adviser. You should consider the total cost of accessing the Connect Adviser Portfolio when considering enrolling into a Connect Program arrangement and/or continuing with such arrangement.

Product Fees set forth above are deducted on a quarterly basis. For certain Programs (e.g., the Custom Advisory Portfolio Program), the actual Product Fee charged will vary as the percentage charged is a weighted average based on each sleeve’s allocation relative to the total portfolio.

Finally, as covered in more detail below, you will be separately responsible for any imbedded fees and expenses associated with investments in mutual funds, closed-end funds, UITs, ETFs, hedge funds, and other collective investment vehicles. These

imbedded fees and expenses are not part of the Advisory Account Fees.

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

Your Advisory Account Fee will be set forth on the applicable fee schedule(s) of the Advisory Agreement between you and Stifel for each account. As set forth above, the Stifel Fee is negotiable and you may pay more or less than seemingly similarly situated Clients, depending on your particular circumstances (such as the pricing model, the size and scope of your relationship, additional or differing levels of service, and/or the asset class to which each Portfolio is attributable, as applicable). If you negotiate fees with different tiers, including flat fees, you may end up paying a higher fee than as set forth in this brochure as a result of fluctuations in your assets under management and/or account performance.

There are certain other fee schedules that are no longer offered to new Clients or are only offered to a limited number of Clients, depending on their individual circumstances. There are also other fee schedules that may apply to certain Portfolios in the Programs referenced above.

Your Advisory Agreement will indicate whether you must approve, in writing, any increase in the Advisory Account Fee or if we can increase the Advisory Account Fee with prior written notice to you. We may, however, determine to lower any portion of the Advisory Account Fee at any time, without notice to you.

### **Calculation of Advisory Account Fees**

The Advisory Account Fee is generally due quarterly in advance; however, from time to time, we may agree to alternative billing terms based on negotiations with the applicable Client (e.g., in arrears, or on a monthly cycle, etc.). The initial fee for each account is charged in full as of the effective date of the Advisory relationship relating to that account (see the discussion under **Processing Guidelines for Advisory Accounts** above) and is usually based on the account's opening market value. In calculating quarterly installments of the annual Advisory Account Fee, we assume a 360-day annual period. For the initial fee, the period for which the fee relates is the effective date through the last day of the calendar quarter in which the account is opened, and is prorated accordingly based on the actual number of days remaining in the quarter. Thereafter, the fee is based on the account's closing market value on the last business day of the previous calendar quarter. The fee is generally due on the business day following the assessment day.

In valuing assets in all Client accounts held at our firm, we rely on publicly recorded information, use various vendor systems that we have reviewed and reasonably believe to be reliable, and/or rely on valuations provided by the entities holding assets and/or accounts that are part of a Client's Advisory relationship with us (such as, for example, administrators or other service providers to hedge funds or other private funds in which our clients are investors or other brokerage firms, banks, or other entities serving as qualified custodians of our client assets). For

assets held at Stifel, if prices are unavailable, we determine prices in good faith to reflect an understanding of the assets' fair market value.

**Intra-Period Fee Adjustments.** Once the quarterly Advisory Account Fee has been assessed and deducted from your account, we will assess and deduct intra-quarterly fee adjustments in the following circumstances:

**CAP Program:** If you have an account enrolled in our CAP Program and the assets in that account are held at Stifel:

- ***Portfolio Changes*** – You will be assessed the applicable Product Fee if you invest in a new Portfolio within a calendar quarter and/or will be due a rebate if you transition out of any Portfolio with a Product Fee within a calendar quarter.
- ***Rebalances*** – If, due to market fluctuation, a rebalance of your Account results in assets moving from one Portfolio to another Portfolio within the account, we will recalculate the Product Fees due based on the value of the assets moved to or from each Portfolio as of the rebalance date. In general, you will be charged if the Product Fee rate for the Portfolio to which new Assets are added is higher than the Product Fee rate for the Portfolio from which those Assets were moved, and will receive a rebate if the inverse is true.
- ***Additions/Withdrawals*** – If you add to or withdraw funds from your Account held at Stifel, a prorated fee adjustment will be charged or rebated, based on the number of days left in the calendar quarter. For the Product Fee portion, the additional fee and/or rebate will be assessed in all cases. In contrast, for the Stifel Fee portion, we will only assess an additional fee and/or issue a rebate if the fee amount is at least \$1.

For each event, the amount charged or rebated will be prorated based on the actual number of days remaining in the quarter.

**All Other Programs:** For accounts invested in all other Programs and assets held at Stifel, we will charge a prorated fee on additional contributions made during a quarter and/or issue a rebate for withdrawals from your Account, to the extent such additions or withdrawals are valued at more than \$25,000 and would generate a prorated quarterly fee or rebate of more than \$25. In each case, the fee addition and/or rebate will be calculated based on the actual number of calendar days remaining in the quarter. You should refer to the section "Termination; Refund of Fees Upon Termination" for applicable rebates in the event of a termination.

**For All Programs:** We may, in our sole discretion, make changes to these thresholds at any time, without notice to you. In certain limited circumstances (such as with respect to accounts subject to a flat-fee arrangements, or accounts held with other custodians, etc.), we will neither charge a prorated fee on intra-quarter contributions nor provide a rebate on intra-quarter withdrawals from the Account.

**Fee Charges on Customer Account Statement.** Scheduled quarterly charges of the Stifel Fee and Product Fee are typically reflected as a single line “Advisory Fee” on the monthly account statement that you receive from us for the applicable period. If your account experiences activity that results in intra-period fee adjustments as set forth above, those charges will show as separate fee line items on the statement for each net fee adjustment. As a result, there may be times when you will see multiple fee charges on a single monthly account statement. Where a Product Fee is charged (or rebated) separate from a Stifel Fee, the Product Fee may be reflected on your statement as a Manager Fee.

### ***Fee Householding***

You may request to household eligible Advisory accounts held at our firm (that is, combine multiple eligible Advisory accounts for purposes of calculating the Stifel Fee in order to qualify for available lower fee tiers in each Program). Fee householding can result in lower overall fees if the aggregate household value is high enough to qualify for lower fee tiers in the applicable Programs. You can fee household eligible Advisory accounts across multiple Programs. *You should note, however, that it is your responsibility, not Stifel’s, to determine whether you have multiple eligible Advisory accounts that could be placed in a billing household and potentially result in lower overall fees to you.* You should also note that special tax rules apply to the inclusion of IRAs and Keogh plans in a household (you should consult your tax advisor for more information), and that Stifel will **not** accept requests to combine retirement accounts subject to ERISA with non-retirement accounts into a single fee household. You should contact your Financial Advisor(s) for more detailed information about fee householding Advisory Accounts, including whether your accounts are eligible to be grouped into a fee household for this purpose.

### ***Deduction of Advisory Account Fees***

Unless we agree otherwise, the Advisory Account Fee is automatically deducted each quarter from available cash or cash equivalents, including money market funds, in your Advisory account on the billing date. Per the direction in our Advisory Agreements with you, where necessary, we rebalance or liquidate sufficient securities in your account to generate sufficient funds to cover the fee in the following order: first, we liquidate mutual fund positions, followed by equities securities (including ETFs), unit investment trusts, corporate bonds, municipal bonds, and any other securities. You should note that incidental, special, or indirect damages (including, but not limited to, lost profits, trading losses, or tax consequences) may be incurred in the account as a result of such rebalance or liquidation to pay for fees. You (not Stifel) are responsible for any such damages or losses.

In addition, subject to agreement between us, other permissible fee payment options may include:

- **Letter of Authorization (“LOA”):** Pursuant to an LOA, the Advisory Account Fee may be deducted from a separate Stifel account on the due date each quarter. If the designated account has insufficient funds, we reserve the right to automatically debit the Advisory account to collect the amount due.

- **Client Invoice:** In certain limited cases (such as where a Client’s account is held at another custodian), we may agree to provide you with an invoice setting out the fees due each billing period in return for your agreement to remit the fee payment promptly. If we do not receive the fee payment from you within a reasonable time, we reserve the right to automatically debit your Advisory account to collect the amount due. If the fee payment is debited from a qualified plan and funds are received thereafter, applicable law requires the receivable to be classified a contribution to your retirement account.

### ***Terminations; Refund of Fees Upon Termination***

#### **Termination Events**

- You can terminate your Advisory Agreement with respect to any account at any time with notice to your Financial Advisor.
- We similarly reserve the right to terminate our Agreement with you at any time, for any reason, in our sole discretion. For example, we may decide to terminate your account if it fails to meet the minimum value requirement, or any of our other internal requirements for the Program in which your account is enrolled.
- Depending on the Portfolio in which your account is invested and in our sole discretion, we will also consider instructions to liquidate all or a significant portion of an account enrolled in a discretionary Program as direction to terminate the account from the Advisory Program.
- Finally, we will treat the receipt of any account transfer instructions from you as termination of your Advisory relationship with us with respect to that account (once we have received notice and have had reasonable time to act on the notice).

In connection with each termination event, we will implement any accompanying liquidation instructions consistent with the guidelines set forth below.

#### **Effect of Termination**

- In the event of a termination, you generally will receive a pro rata refund of any pre-paid quarterly fee based on the number of days remaining in the quarter of termination. However, we reserve the right to retain pre-paid quarterly fees if you terminate the Advisory Agreement at any time within the first quarter of the first year of service. This is intended to discourage clients from opening an Advisory account, executing multiple trades at no transaction costs, then seeking to close the Advisory account before the end of the calendar quarter.
- If you provide liquidation instructions with your termination request (including where your request for a significant or complete liquidation of a discretionary account results in termination), we will liquidate those positions at no additional cost to you as part of terminating your account from the Advisory relationship. However, any liquidations processed **after** your account has been fully terminated from an Advisory Program and converted into a regular brokerage arrangement will be subject to customary transaction fees.

- In connection with account transfer instructions, if we are unable to transfer any of the securities in your account to the new custodian, we typically will liquidate those securities in order to facilitate the transfer of your account. Any liquidations to facilitate the transfer of your account to another institution will be undertaken in our capacity as a registered broker-dealer. In our capacity as a broker-dealer, we may liquidate the securities that cannot transfer by purchasing them for our own account (that is, through a principal transaction).

#### Processing Liquidations in Connection With Terminations

Termination and related liquidation instructions are processed as promptly as possible following receipt by our processing staff. However, you should note that in certain cases, we will not be able to process liquidation requests on the day that we receive the request. Those cases include when we experience an unusually high volume of liquidation and/or termination requests in a single day (such as during periods of significant market volatility). Even during relatively normal market conditions and low liquidation/termination volume, we generally are not able to process requests received late in the trading day (typically after 3:00 p.m. Eastern Standard Time). **You should therefore communicate your liquidation requests as early as possible to increase the likelihood that your instructions can be processed on the same day.** If you are invested in an Adviser Portfolio, you should note that certain Advisers (particularly Advisers with complex strategies and/or securities with limited liquidity) require advance notice of termination, and may take multiple days to process termination and related liquidation request(s). You should review each applicable Adviser's Form ADV 2A for relevant information. Finally, you should note that, in some Portfolios (for example, those investing in affiliated mutual fund completion shares), all or some of the positions in your account will be liquidated upon termination, even if you do not specifically request a liquidation in connection your account termination instructions.

#### Compensation in Connection With the Termination of a Client's Relationship With Stifel

Although we do not charge additional fees in connection with the termination an Advisory Agreement, if you elect to distribute or transfer all of your assets from the account held at our firm to an account at another financial institution, you will be charged a \$100 account transfer fee.

#### Unsupervised Assets

If your account includes "unsupervised assets" that are excluded from billing (which may include, but are not limited to, positions in our parent company stock, Stifel Financial Corp. (SF), or other assets that are deemed ineligible for the Program in which the account is enrolled, you should note that those unsupervised assets are not considered part of our Advisory relationship with you. We periodically allow Clients to hold unsupervised assets in Advisory accounts *solely* as an accommodation to the Client. *Our firm specifically disclaims any fiduciary obligations with respect to unsupervised assets held in a Client's Advisory account.* This means that we do not undertake to monitor any such assets even though they are held in the Advisory account. You can request a list of the unsupervised assets (if any) held in

your accounts at any time, without charge, from your Financial Advisor.

#### **Other Fees and Expenses Not Included in the Advisory Account Fee**

The Advisory Account Fee does not include the fees, charges, and expenses outlined below. If applicable, you will be separately charged said fees, charges, and expenses in addition to the Advisory Account Fee. If an investment product purchased for the benefit of your account is offered by a prospectus or other offering document, you should review the information about the related fees, charges, and expenses set forth in such prospectus or other offering document.

#### Fees and Expenses Associated With Trades Executed By Investment Managers Away From Stifel

Each Investment Manager (including Connect Advisers) that manages and is responsible for trading all or a portion of a Client's Advisory account retains the authority to determine the execution venue for transactions in the Client accounts. As such, Investment Managers may determine to execute trades through other broker-dealer(s) (known as "trading away") if the Investment Manager determines, in its sole discretion, such trades would be in the best interests of the affected Clients, such as to satisfy its best execution obligations. An Investment Manager may trade away for a variety of reasons, the type of securities that the Investment Manager is buying or selling, or because the Investment Manager is aggregating Stifel Client trades with other non-Stifel client accounts (as further explained below), or for some other reason determined in the sole discretion of the applicable Investment Manager. If an Investment Manager trades away from Stifel, impacted Clients may incur additional execution costs for the trade. You should ask your Financial Advisor about the Investment Manager's trading away practices before selecting, or while reviewing, a particular investment strategy. You should also review each applicable Investment Manager's Form ADV Part 2A Brochure for specific information about that Investment Manager's trade-away practices.

***If additional execution costs (whether as a commission or markup or markdown) are incurred, the Client will be responsible for such execution costs in addition to the Advisory Account Fee.*** Additional information about Investment Manager trade-away practices is provided below in the section "Brokerage Practices" of this brochure.

#### Other Excluded Fees and Expenses

In addition to the Advisory Account Fee, Clients will also be responsible for and separately bear the cost of (i) any fees or expenses assessed to their investments or account by third parties (or by Stifel in order to pay such third parties) and (ii) other fees and expenses set forth below:

- Brokerage commissions, markups, markdowns, spreads, and odd-lot differentials on orders an Investment Manager effects through a broker-dealer other than Stifel or its affiliates (that is, costs relating to trades away from our firm).



- To the extent permitted by applicable law, markups and markdowns on principal trades resulting from orders an Investment Manager places through our firm or an affiliate.
- Any interest expense charged to the account including, but not limited to, margin interest charged with respect to any direct or cross-collateralized margin loans.
- The public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including the firm or an affiliate to the extent permitted by applicable law) in a distribution or public offering of securities. Even where such securities are purchased from a broker-dealer other than our firm or an affiliate, our firm or an affiliate may directly or indirectly benefit if our firm or an affiliate is a member of the underwriting syndicate from which the security is purchased.
- Where assets are held outside Stifel, all account maintenance fees and expenses, transactional expenses, custody fees, and/or any other expenses charged by the custodian or other party in connection with maintaining those assets outside of Stifel. These include, but are not limited to third-party administration and other fees associated with external qualified retirement plans (including IRAs).
- Fees or expenses related to trading in foreign securities (other than commissions payable to Stifel). This includes “Pass-through fees” charged by third parties with respect to foreign securities, including, but not limited to, transaction processing fees, creation fees, and/or conversion fees in connection with ADRs, custody-related expenses charged by third parties for such securities, as well as any wire charges related to payments for transactions in those securities.
- Exchange fees, transfer or other taxes, and other fees required by law, including (but not limited to), taxes or fees imposed by any foreign entity in connection with securities transactions in the account.
- Electronic fund and wire transfer fees (including, but not limited to, those associated with alternative investment transactions).
- Fees or expenses associated with preparing and/or filing tax forms in connection with privately issued securities (including, but not limited to, Form 990T for IRAs).
- Any fees or charges associated with cash management options or privileges selected for an account (including, but not limited to check-writing, debit or credit card services, and e-bill services).
- Fees, charges, and other costs and expenses related to collective investment vehicles, including, but not limited to, closed-end funds, mutual funds, money market funds, ETFs, unit investment trusts, REITs, and private funds. These fees and expenses include, but are not limited to, operating expenses, portfolio management, distribution and marketing, redemption fees, and similar fees, in each case as outlined in the fund prospectus, private offering memorandum, or similar document. Additionally, the value of account assets invested in shares of collective investment vehicles is included in

calculating the Advisory Account Fee to the extent permitted by applicable law.

- Exchange and auction fees, transfer or other taxes, and other fees required by law.
- Any other costs associated with products or services not specifically included in the services described in the applicable Advisory Agreement, but set forth in the Stifel Account Agreement and Disclosure Booklet and any other charges mandated by applicable law.

***Each Client should carefully consider the overall cost when selecting a Program or Portfolio.***

## **ADDITIONAL INFORMATION ON FEES AND OTHER COMPENSATION**

### **Compensation to Financial Advisors**

We remit a percentage (“Payout Rate”) of the Stifel Advisory Fee and, if applicable, commissions that we receive from Clients to our Financial Advisors. Payout Rates generally range from 25% to 50%; the applicable percentage paid to your Financial Advisor will depend on your Financial Advisor’s employment agreement and arrangements with us and the total amount of revenue your Financial Advisor generates from all clients (including brokerage clients). This percentage may be increased prospectively, depending on the total revenue the Financial Advisor has generated.

Financial Advisors receive less than their standard payout when accounts are priced below the set minimum fee level for the applicable Program. While Financial Advisors may be allowed to set the Stifel Fee for an account below the minimum fee level, doing so typically results in a reduction to the Financial Advisor’s Payout Rate (generally referred to as discount sharing) potentially down to 0%. The fee levels at which discount sharing starts to apply vary by Program and/or style: for example, the discount sharing level for equity strategies is different than for fixed income strategies. In general, discount sharing creates an incentive for Financial Advisors to price accounts above the set minimum fee level in order to receive their standard Payout Rate.

In addition to a percentage of the total revenue, some Financial Advisors are eligible for special incentive compensation and other benefits based on client assets (including assets held in Advisory accounts) and the total revenue generated (including the Stifel Fees). These incentives and benefits can be in the form of recruitment and/or retention bonuses, and forgivable loans. These incentives and benefits generally increase as a Financial Advisor brings more client assets to Stifel and generates more revenue for Stifel.

Financial Advisors are also eligible to receive other benefits based on the revenue the Financial Advisor generates from sales of products and/or services to clients (including Advisory services). These benefits include recognition levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other noncash compensation that generally increase in value as the revenue the Financial Advisor generates increases. Such

benefits also include equity awards from our parent company, Stifel Financial Corp. (SF), and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a Financial Advisor to grow his or her securities practice). These benefits can create an incentive for a Financial Advisor to recommend certain transactions, products, and services over others in order to obtain the benefits.

Some of our Financial Advisors also serve as branch managers or in other positions with supervisory responsibility over other Financial Advisors in the branches in which they are located. In such cases, we also compensate them for their supervisory activities based on revenues generated by Financial Advisors in the branch office. When a supervisor is compensated based on sales of the person he or she is supervising, the supervisor has an incentive to allow and/or encourage the supervised person to recommend investments that generate greater compensation for the supervised person and, thereby, the supervisor. The particular compensation arrangements between a Financial Advisor and his or her branch manager or other supervisor can also create incentives for the Financial Advisor to recommend transactions, investment products, and services that generate greater amounts of revenue for us, the branch manager, and the Financial Advisor.

*In general, Clients should note that their Financial Advisor's compensation creates a potential material conflict of interest for such Financial Advisor to provide Clients with recommendations and advice that result in his or her receipt of greater compensation and benefits.*

**Certain Compensation in Addition to the Stifel Advisory Fee** Stifel, our Financial Advisors, and our affiliates may, from time to time, receive additional compensation in connection with certain types of assets in which Clients' Advisory accounts are invested, as discussed in more detail below. *To the extent received in connection with Advisory accounts, this compensation is in addition to the Stifel Advisory Fee that you pay to us for our investment advisory services.* **The receipt of such additional compensation presents a conflict of interest for us as it creates an incentive for our Financial Advisors to recommend investment products based on the compensation received rather than solely based on your investment needs.** You have the option to purchase investment products that we recommend through brokers who are not affiliated with us.

#### ***Brokerage Commissions***

For all fee-based Programs, the Stifel Fee includes the costs associated with our execution services. We generally do not charge separate brokerage commissions (including markups or markdowns) for trades that we execute for wrap accounts in the Programs covered in this brochure, unless disclosed to the affected Client (such as in the Advisory Agreement or its schedules and addendums, or in other applicable documents). However, the majority of our Financial Advisors are authorized to provide both brokerage and Advisory services to clients. As a result, Financial Advisors may effect securities transactions for commissions in connection with brokerage accounts, including brokerage accounts that you own in addition to your Advisory accounts.

#### ***Compensation From Funds***

If you invest in mutual funds, ETFs, closed-end funds, UITs, and/or money market funds (collectively referred to as "Funds"), you will bear your proportionate share of each Fund's fees and expenses, including, but not limited to, investment management fees and performance-based compensation paid to the Fund's investment adviser, fees paid to service providers, transaction costs, and other operating costs. Each Fund's fees and expenses are included in the price of a Fund's shares, are described in the Fund's prospectus or other offering document, and are in addition to the Advisory fee you pay in the Programs.

When structuring the Programs, we determine the Funds that will be made available in the Programs. We may add new Funds and/or remove existing Funds from the platform generally, or the Programs in particular, at any time and in our sole discretion. When we terminate or remove a Fund from our platform or the Programs, you will not be able to purchase additional shares of that Fund after such termination or removal, which will have an adverse impact on any future investment plans that include that Fund. Moreover, in certain cases (such as where we have discretionary authority over the accounts, or where you have otherwise provided us the relevant authority), we may also decide to sell any shares held by our Client accounts with the terminated or removed Fund to further limit our exposure to that Fund. A sale of Fund shares may have tax consequences for you, depending on the type of account that you hold. You should consult with your tax advisor about potential tax consequences of your investment(s) in our Programs.

Funds typically offer multiple share classes, each with different levels of fees and expenses. The share classes of Funds available through the Programs may not necessarily be the least expensive share classes and will depend on our agreement with the Fund companies and their affiliates. 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 through the Programs. For example, there may be a share class of a Fund available through the Programs that does not include the additional compensation discussed below. These other Funds and share classes may be available through other financial intermediaries or directly from the Funds themselves. Because each share class of a Fund with multiple share classes generally invests in the same portfolio of assets, an investor who holds a less-expensive share class of the Fund will pay lower fees and expenses over time – and earn higher investment returns – than an investor who holds a more-expensive share class of the same Fund.

We generally strive to invest Client assets in the least expensive share class, interest, or CUSIP that is made available to our firm and for which our Advisory accounts are eligible (for this purpose, such share class, interest, or CUSIP will be referred to as "advisory" share classes); provided that those Funds and share classes pay us "Omnibus Fees" and/or "Networking Fees" (as discussed below). **This means that the Funds and share classes we offer or choose will not necessarily be the lowest cost share class for which you may be eligible because there may be less expensive share classes that do not pay us**

**Omnibus Fees and/or Networking Fees.** Use of a more expensive share class will reduce the performance of your investment. This limitation does not apply to Funds on our Recommended List, which are offered without regard to whether they are Omnibus Fees and/or Networking Fees to us. We may make exceptions and offer or choose Funds that do not pay us Omnibus Fees and/or Networking Fees in certain circumstances. Ask your Financial Advisor for details.

Certain Funds may not offer multiple share classes, or may not allow us to make the “advisory” share class available to certain Programs (e.g., to our Vantage Program). Moreover, we may allow a limited universe of legacy “non-advisory” share classes to be held in some of Advisory accounts for a period, pending a conversion into the appropriate “advisory” share class. In addition, Funds may offer new share classes with lower fees or expenses or change the investment minimums or other restrictions for certain share classes. Where this occurs, we will determine, at our own discretion, whether and in what manner to offer those share classes in the Programs, including based on whether the Funds pay us Omnibus Fees and/or Networking Fees.

We consider various factors, including our costs to operate the Programs and compensation we receive from Fund companies and/or their affiliates, in deciding which Funds and share classes to make available in the Programs. You should expect that we will receive certain payments from Fund companies and/or their affiliates in connection with your investment in a Fund, and that amounts we receive will depend on the share class, interest, or CUSIP you hold. The additional compensation varies between Funds, poses a conflict of interest, and can influence the selection of Funds and share classes we make available through the Programs. We seek to address this conflict of interest by disclosing it to you, as well as through our policies designed to ensure that the fees we charge are fair and reasonable. If we did not receive this additional compensation, you should expect that we would charge higher fees or other amounts to you for the services we provide. In addition, we are not obligated to negotiate more favorable terms with Funds or, except as otherwise described below, to rebate any portion of the additional compensation we receive. You should carefully consider this compensation in addition to the Advisory fee you pay in the Programs when evaluating the reasonability of our fees and the total compensation we receive for providing you these Advisory services.

In each of our Programs, you should expect that we receive various fees and compensation with respect to your investments in Fund shares, including (but not limited to):

- (i) *Omnibus Fees:* A number of Fund companies and/or their affiliates compensate us for providing record-keeping and related services associated with Fund shares held in client accounts (both brokerage and Advisory). Our firm processes some fund transactions with Fund companies on an “omnibus” basis, which means we consolidate our clients’ trades into one daily trade with the Fund, and therefore maintain all pertinent individual shareholder information for the Fund. The compensation for these services is commonly referred to as “omnibus

fees.” For traditional omnibus trades, we receive omnibus fees that typically range from 2 to 15 basis points or \$8.00 to \$19.00 per position per year. For super-omnibus trades (i.e., those involving trades for multiple Programs), we receive a blended rate that is typically around 22 basis points for no-transaction fee Funds and 4.5 basis points for transaction fee Funds. The omnibus fees that we receive vary by Fund company, by Fund and by share class. Any omnibus payments paid to our firm are paid from investor assets in the Funds (and, like other Fund expenses, are included in the “annual operating expenses” or “expense ratio” charged and reported by each Fund and disclosed in the Fund’s prospectus), but in some cases may be paid or subsidized in part by or by the adviser or distributor of the Funds or their affiliates. Where we receive omnibus fees from or with respect to a Fund, we generally receive omnibus fees with respect to all share classes of the Fund held by our clients, including (for example) “advisory” share classes held in our Client accounts, but not necessarily in the same amounts. These fees and fee rates are subject to change from time to time, and may be received individually or as part of a “bundled” arrangement with a Fund that includes other types of fees, such as administration and distribution payments. We do not require our Financial Advisors to recommend Funds that pay omnibus fees; additionally, to mitigate the conflict as to Fund and share class recommendations, we do not share any omnibus fees received with respect to the Funds with our Financial Advisors. Moreover, we rebate omnibus fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with Advisory non-retirement accounts, omnibus payments are in addition to the Stifel Fee that we earn directly from the relevant Clients invested in those Funds.

- (ii) *Networking Fees.* Fund companies that are not traded omnibus are traded on a networked basis, which means our firm submits a separate trade for each individual client to the Fund companies and therefore maintains certain elements of the shareholder information. Such Fund companies and/or their affiliates may compensate us for maintaining shareholder information, which the Fund companies would otherwise be required to maintain themselves. We receive networking fees that typically range from \$5.00 to \$12.00 per position per year. Not all Fund companies pay networking fees, and networking fees that we receive vary by Fund company, by Fund, and by share class. Any networking fees that Fund companies pay to us are deducted from the Fund’s assets, but in some cases may be subsidized, in part, by affiliates or the distributor of the Funds. As with omnibus fees, to the extent received, we generally receive networking fees with respect to all share classes of the Fund held by our clients, including (for example) “advisory” share classes held in Client accounts, but not necessarily in the same amounts. We do not require our Financial Advisors to recommend Funds that pay networking fees; additionally, to mitigate the conflict as to Fund and share class recommendations, we do not share any

networking fees received from Funds with our Financial Advisors. Moreover, we rebate networking fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with Advisory non-retirement accounts, networking payments are in addition to the Stifel Fee that we earn directly from the relevant Clients invested in those Funds.

(iii) *12b-1 Distribution Fees (“12b-1 fees”).* 12b-1 fees are generally paid by Funds to compensate us for providing distribution-related, administrative, and informational services, as applicable, associated with each Fund. 12b-1 fees are included in the “annual operating expenses” or “expense ratio” charged and reported by each Fund, and are deducted directly from the Funds automatically. In general, we seek to make available share classes that do not have any associated 12b-1 fees in the Programs covered by this brochure. There may, however, be some Funds available through the Programs that have 12b-1 fees due to share class availability, or if a share class subject to 12b-1 fees is the only share class on which we can receive Omnibus Fees and/or Networking Fees. To the extent received, we generally rebate back to the Client any 12b-1 fees received (including Omnibus Fees and/or Networking Fees that are paid from the 12b-1 fees) in connection with Fund shares held in Advisory accounts, but only to the extent that such 12b-1 fees relate to the period during which the account has been enrolled in one of our Advisory Programs.

(iv) *Marketing Support and Revenue-Sharing Payments.* We receive revenue-sharing payments from the assets of the Fund manager or its affiliate (and not the Fund) for providing ongoing marketing, training, and education to our Financial Advisors with respect to the Fund sponsor and its products. Revenue-sharing payments, which typically range from 2 to 10 basis points on assets under management and can be up to 10 basis points on new sales, do not directly reduce the amount invested by an investor. Not all Fund managers or affiliates make revenue-sharing payments to us, and the revenue-sharing payments we receive vary between Fund companies. Revenue-sharing payments may include fixed payments, payments based on the total assets placed by our Clients at a Fund company or in a particular Fund or Fund share class (i.e., a percentage of total client purchases, both brokerage and Advisory), or a combination of the two. Because the amount of revenue-sharing payments we receive can vary between Funds or share classes of a particular Fund, we have an incentive to recommend to you a Fund (or a share class of a particular Fund) that pays us a higher amount of revenue sharing than another Fund or share class. We seek to mitigate this potential conflict through a number of measures, including, as described above, the manner in which we make share classes available. In addition, our Financial Advisors do not directly share in any revenue-sharing payments we receive and we do not require our Financial Advisors to recommend Funds providing revenue-sharing payments to us. Moreover, we rebate revenue-sharing fees received in connection with Fund shares held in Advisory retirement accounts. To the extent received in connection with

Advisory non-retirement accounts, marketing and revenue share payments are in addition to the Stifel Fee that we earn directly from the relevant Clients invested in those Funds.

(v) *Training and Education Expense Contributions.* Fund companies and/or their affiliates may pay all or a part of the cost of particularized and/or firm-wide training education programs and seminars for our Financial Advisors. For example, a Fund company might host events for Financial Advisors designed to provide training and education about their Funds and products. In doing so, they agree to bear the cost (or part of the cost) for our Financial Advisors and other personnel to attend the events. The amounts paid by Fund companies vary, and Stifel does not require any Fund company to host, participate in, or contribute to the costs of these events as a condition of Stifel making a Fund company’s Funds available on our platform. A Financial Advisor’s attendance and participation in these events, as well as the increased exposure to Fund companies who sponsor the events, may lead the Financial Advisor to recommend Funds of those Fund companies as compared to Funds of Fund companies that do not sponsor these events.

(vi) *Fees Received By Our Affiliates for Providing Services to Funds:* Some of our affiliates serve as investment adviser or model providers, or provide other services to, various Funds that are made available in some Programs. Our Financial Advisors may recommend and/or purchase these Funds to or for Advisory Clients where allowed in a Program. If our affiliate provides services to a Fund that is purchased or held in a Client’s Advisory account, the affiliate generally will receive fees (or a share thereof) from the Fund and/or its affiliates in connection with the Client’s investment in the Fund, even though the Client’s investment in the Fund is also subject to Stifel’s Advisory Account Fees. *Neither our firm nor our Financial Advisors directly share in any of the fees received by our affiliates for their services to these Funds.* However, as part of an affiliated group, we may receive indirect benefits from such compensation through our parent company. We may limit the purchase of such Funds in our Programs at any time, in our sole discretion. If a Client’s retirement Advisory account invests in such a Fund, we rebate an amount representing the fee or other compensation our affiliate receives in connection with the Client retirement account’s investment in the Fund, subject to the limitations discussed below. We may also decide, in our sole discretion, to provide similar rebates to non-retirement accounts in discretionary Programs if such Funds are otherwise allowed in the relevant Program. We generally will **not** provide rebates for Funds held by non-retirement accounts in our non-discretionary Programs. Clients should understand that rebates are calculated retroactively, based on the value of the Fund shares held in the Client account as of a pre-determined date (typically, as of the last business day of the calendar month), and are credited back to the account one quarter or more in arrears (without interest). Moreover, our rebating process applies only to Funds held in the Client’s account as of the first business day of the calendar month and assumes that such Funds are held for the entire month.

*As such, an Advisory account that purchases a Fund on a day other than the first business day of the calendar month will **not** be eligible for the rebate with respect to the fees and compensation our affiliates earn with respect to the Fund for that month. Similarly, an Advisory account that sells a Fund prior to the last business day of the calendar month will receive a month's rebate based on the assumption that the Fund was held for the entire calendar month even though it was not. Our policies and procedures require that our Financial Advisors purchase and sell interests in Funds, or recommend that a Client purchase or sell interests in Funds, at times when it is appropriate for the Client to do so, based on the Client's investment objectives and needs and not to avoid rebating compensation the Firm's affiliates receive in connection with such investments.*

Funds generally are sold by prospectus or other offering document only. The prospectus or other offering document contains important information about the specific Fund being offered and should be reviewed carefully before investing. Any compensation set forth above that we receive from Fund companies and/or their affiliates is derived, directly or indirectly, from fees that investors pay to the Funds. The amount of compensation received will vary depending on our arrangement with the applicable Fund company. Each Fund's prospectus typically describes the amount of compensation to be paid for specified services provided to its shareholders. If such payments are received in connection with shares held in Advisory accounts, the Fund companies will continue to pay us for such shares for the duration of the Advisory arrangement and, in some circumstances, may extend payments beyond the termination of the Advisory Agreements if Clients continue to hold Fund shares through brokerage accounts held at Stifel. A listing of the types and ranges of compensation that we receive from various Fund companies is also available under the Important Disclosures section of [www.stifel.com](http://www.stifel.com). We highly encourage all Clients to review this information carefully.

### ***Compensation From Other Products***

From time to time, Client assets may be invested in other products with respect to which our affiliates receive compensation. For example, a number of our affiliates (including Affiliated Advisers) receive licensing and other fees from ETFs for which the affiliate provides the constituent index or other services. Such licensing and other fees depend on the amount of assets invested in the ETF and the amount of shares outstanding, including (but not limited to) investments made, and shares held, through our Advisory Programs. Our affiliates also issue investment products, such as brokered CDs which are made available for purchase on our platform. We may limit the purchase of such products in our Programs at any time, in our sole discretion. If such products are allowed in an Advisory Program, we rebate an amount representing the pro-rated fee or other compensation received (if any) by our affiliate in connection with those products held in *Clients retirement accounts*. We may also decide, in our sole discretion, to provide similar rebates to non-retirement accounts in discretionary Programs if the products are allowed in such discretionary Programs. We generally will **not** provide rebates for such

products held by non-retirement accounts in our non-discretionary Programs. Clients should understand that rebates are determined retroactively, based on the value of the product (e.g., fund shares) in the Client account as of a pre-determined date (typically at month-end), and are paid a quarter or more in arrears (without interest). Moreover, our process only reviews whether a product is held in Advisory accounts as of the beginning of the month and, thereafter, assumes that each such product is held (or not held) in the account(s) for the remainder of the month. *As such, an eligible Advisory account that purchases a product other than on the first business day of the month will **not** receive any rebate for that month and, similarly, an eligible Advisory account that sells a product in the middle of the month will receive a rebate for the entire month even though the position was only held for part of the month.*

Notwithstanding, some investment products (e.g., brokered CDs) may not have any imbedded fees that can be rebated back to the Client, even where such products are held in an Advisory account. Clients should carefully consider any and all disclosures provided in connection with transactions in such products. Clients investing in Stifel brokered CDs authorize deposits in Stifel Bank & Trust, Stifel Bank, Stifel Trust Company, N.A (each a "Stifel Bank"), and acknowledge the benefits that Stifel, Stifel Bank, and the Financial Advisor derive from the Stifel brokered CDs as disclosed in applicable offering documents. With respect to retirement accounts, such deposits will bear a reasonable rate of interest as required by 29 C.F.R. Section 2550.408b-4(b)(2). Please contact your Financial Advisor for additional information.

### ***Interest and Similar Compensation***

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

As discussed elsewhere in this brochure, we do not allow Advisory accounts to use margin except in limited circumstances. With respect to any such margin transactions, Client accounts that are specifically approved to engage in such margin transactions should note that we charge interest on the amount borrowed and, if the proceeds are used to purchase securities in the Advisory account, our Advisory Account Fees are based on the market value of the account without regard to the amount borrowed. *We do not reduce our Stifel Advisory Fee by the value of any interest or similar payments that we receive from Clients in this regard.* Each Client is strongly advised to carefully review the impact (including the long-term effects) that each of these practices will have on their overall account.

Finally, to the extent that a Client uses Advisory assets as collateral for loans taken from our affiliated banks ("Credit Line Loans"), we typically (but not always) receive a fee (expressed as a percentage of the outstanding loan balance) from the applicable affiliated bank for the duration of the loan. To the

extent received, we pay a portion of any such fees received to the Financial Advisor. These payments present a material conflict of interest for us, as they create a financial incentive for the Financial Advisor to recommend such Credit Line Loans on the basis of the additional compensation to be received. Additional information about Credit Line Loans is provided under the section “Brokerage Practices” below.

### ***Float***

As set out in the section “Cash Sweep Program” below, if we serve as custodian of your assets, un-invested cash in your account will generally be swept in accordance with your sweep option for the account. If we receive a cash deposit from you before the close of business on a day in which the NYSE was open, the deposited funds will be credited to your sweep account as of the end of the next business day; if you deposit a check, the funds will be credited to your sweep account as of the end of the second business day following deposit. If we receive deposits after the close of business on a day in which the NYSE was open or on a day the NYSE was closed, the funds will be considered *received* the following business day and will be credited to your sweep account consistent with the timeline discussed above. As such, depending on the time that cash is received, we may earn interest or receive other benefits (referred to as “float”) during the interim period between when funds are received in our firm account and the time those funds are credited to your cash sweep account. Similarly, if you are withdrawing money from your account (or we otherwise issue funds to you) by check or an ACH payment, we will generally earn float on those funds until you have cashed the check or the ACH payment has settled. We retain any float earned (generally at Federal Funds Rates) during any of these periods.

### ***Revenue Sharing and Other Compensation Arrangements With Private Investment Funds or Their Sponsors***

We may allow certain Financial Advisors to recommend investments in approved private investment funds with respect to accounts invested in certain Advisory Programs. From time to time, we may enter into revenue-sharing and other compensation arrangements with such private investment funds (or the managers or sponsors of such private funds) with respect to our Clients’ investments in such private investment funds. For example, we may enter into placement agent agreements pursuant to which our firm and our Financial Advisors receive upfront and/or ongoing placement fees from private investment funds, or their agents or affiliates, as compensation for recommending and/or selling shares or interests of the fund to our clients. In certain cases, the fees that we receive from such private investment funds may be in addition to, and in other cases, in lieu of, the Stifel Fee otherwise chargeable with respect to the investment. To the extent that we receive placement fees and/or have a revenue-sharing or other compensation arrangement with respect to private investment fund shares or interests purchased in an Advisory account, the affected Client will typically receive, at or prior to the time the investment is made, disclosures relating to the fees and compensation that our firm and/or the Financial Advisor will receive in connection with the investment (including, to the extent applicable, any ongoing payments to be received in connection with the investment). Clients should carefully consider such arrangements in

determining whether to implement a Financial Advisor’s recommendations relating to private investment funds.

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

***Advisers.*** Advisers (Independent or Affiliated) may pay for all or part of the cost of particularized and/or firm-wide training and education programs and seminars for our Financial Advisors and other personnel. For example, an Adviser might host events for Financial Advisors designed to provide training and education about the Adviser and its strategies and agree to bear the costs for our Financial Advisors and other personnel to attend these events. The amounts paid by Advisers vary, and Stifel does not require an Adviser to host, participate in, or contribute to the cost of these events as a condition of Stifel making the Adviser’s Portfolios available on our platform. A Financial Advisor’s attendance and participation in these events, as well as the increased exposure to the Advisers who sponsor these events, may lead the Financial Advisor to recommend Portfolios offered by such Advisers as compared to Advisers that do not sponsor these events.

### ***Insurance Commissions***

In addition to being a dual registrant, our firm is also licensed as an insurance agency with various states. Some of our Financial Advisors are licensed as insurance agents and, in such capacity, are able to offer various insurance products to Clients and effect the resulting insurance transactions for separate and customary commission compensation. Clients that determine to purchase insurance products offered by our Financial Advisors should note that such products will *not* be held in our Advisory accounts, and will *not* be part of the Advisory arrangement between Stifel and such Client. Our firm receives a portion of any commissions that the issuing insurance company pays with respect to insurance products sold by our Financial Advisors.

### ***Non-Cash Compensation***

Subject to the firm’s policies, Financial Advisors may receive non-cash compensation in the form of occasional gifts, meals, tickets, and/or other forms of entertainment from third parties, including mutual fund companies (or their agents or affiliates), Advisers, insurance vendors, and/or sponsors of products that we make available for purchase to our clients.

### ***General Disclosure on Conflicts of Interest***

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

*Adviser (e.g., Solutions) in order to receive a higher portion of the fee.* Additionally, for those Programs in which we pay a portion of the Advisory Account Fee to Advisers, which tends to be less if we trade the Portfolio internally than if it is Manager-Traded, Financial Advisor may have an incentive to recommend MBT Portfolios in the applicable Programs over Manager-Traded Portfolios, or Portfolios where the related Product Fee is low, in order to retain a larger portion of the Advisory Account Fee. Finally, even where you are not charged a separate Stifel Fee in connection with an investment with respect to which Stifel has a compensation arrangement with the product sponsor, a Financial Advisor may still have an incentive to recommend the investment if the compensation received from the product sponsor is higher than the Stifel Fee that would otherwise have been charged in connection with the investment. In these circumstances, it is our duty to determine that an investment made in your Account or recommended to you that results in such additional compensation is suitable for you based upon the information you have provided to us.

**It is important to note that** the services provided to you under the Programs described above may be obtained on an unbundled basis and may result in overall lower costs. You could use a commission-based brokerage account instead of a fee-based investment advisory account and/or independently retain a third-party adviser to manage your account. In certain cases, the total charges that you pay in Advisory fees may be higher than the commissions that could have been charged for brokerage-only services. There may also be cases where the Advisory Account Fee charged for Programs covered in this brochure may be higher than if you obtained the services covered by such fee separately (that is, if you paid separately for advisory services, portfolio management services, trade execution, custody, and related services). Even in cases where additional compensation (such as 12b-1 fees) is rebated back to you, there may be cases where your total return on the investment would have been better in a fund/share class that did not pay such rebated compensation, where available. You should consider the value of the Advisory services provided or to be provided under each Program when evaluating fees or the appropriateness of the Advisory account in general. The combination of brokerage and Advisory services may not be available separately or may require multiple accounts and varying forms of payment. **You are responsible for determining whether a wrap fee program is appropriate for you. Therefore, you should understand the investment strategy you have selected, the types of investments to be made, and the amount of anticipated trading activity in assessing the overall cost of the Program.** Relative transaction infrequency could have a bearing on whether a wrap, asset-based fee account is more appropriate for you than a commission-based account.

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

We do not charge performance-based fees for our investment advisory services.

## ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The Advisory services offered in this brochure are generally available to a variety of Clients, including individuals, corporations, institutions, pension or profit sharing plans, employee benefit plans, trusts, estates, charitable organizations, other business and government entities, educational institutions, and banks or thrift institutions. However, please note that not all types of investors are eligible for each Program or each Portfolio within a Program.

We may decide at any time to restrict any of our Programs and/or Portfolios within a Program to U.S. residents only. Even where open to foreign citizens and/or residents, we may decide not to accept potential clients that are located in certain countries, in each case in our sole discretion.

You should generally select a Program or a Portfolio within a Program based on an analysis of the Portfolio's objectives and risk profile versus your particular situation and needs. In general, (i) you should consider your specific circumstances (such as age, net worth, income and liquidity needs, as well as risk tolerance) compared to the investment strategy, recommended time horizon, and risk profile for the Portfolio; and (ii) the amount that you allocate to any one Program or Portfolio within a Program should be reasonable in light of your overall asset allocation and investment goals.

### Program Minimums

The following minimum account sizes are generally required to open an account in the available Programs outlined in this brochure. Specific minimums may vary, depending on the Portfolio that you select. Exceptions to the stated minimums can be granted in Stifel's (and, to the extent applicable, the Adviser's) discretion.

- Opportunity and IMC Programs: Between \$25,000 and \$200,000
- Custom Advisory Portfolio Programs: \$50,000
- Solutions and Horizon Programs: \$25,000
- Fundamentals Program: Between \$5,000 and \$100,000
- Connect Program: Typically between \$50,000 and \$100,000. A few Portfolios in the Connect Program may have higher initial minimum account requirements (up to \$20,000,000)

## PORTFOLIO MANAGER SELECTION AND EVALUATION

### Connect Program

As set forth in the description above, as part of the Connect Program, a Financial Advisor may assist a Client in the selection of a Connect Adviser, based on the Client's goals and objectives and the Connect Adviser's investment philosophy and policies. The Financial Advisor will assist such Client in establishing the relationship with the Connect Adviser, including entering into a separate advisory agreement. Due to this separate and direct relationship with each Connect Adviser, Stifel performs limited initial and ongoing reviews of the Connect Adviser's services to the Client's account. New Connect Advisers are typically added primarily as an accommodation to new Stifel Clients that were

previously invested with the Connect Adviser at a prior firm; however, Stifel may also add a new Connect Adviser for other reasons, including general business considerations. When considering whether to make a Connect Adviser available, the SMA Research unit of TPRG (“SMA Research”) conducts an initial review, limited to the Connect Adviser’s responses to Stifel’s general investment adviser onboarding questionnaire. Based on its review, the team makes a recommendation to Stifel’s TPWG as to whether or not to onboard the Connect Adviser. Thereafter, ongoing reviews are typically limited to annual reviews of regulatory status, investment strategy characteristics, and investment performance, among other factors. Clients are responsible for carefully reviewing all information provided by the Connect Adviser to determine whether to continue with the arrangement

#### **Advisers in All Other Programs (Other Than Connect)**

As further discussed in the section “*Methods of Analysis, Investment Strategies, and Risk of Loss*” below, TPRG conducts initial due diligence with respect to Advisers providing Portfolios made available in our other Programs, and with respect to investment companies (or family of companies) that are seeking to make their mutual funds and/or ETFs available on our platforms. SMA Research conducts Adviser due diligence reviews, while the rest of the TPRG team focuses on reviews of Funds and ETFs. We also conduct annual due diligence reviews of Advisers on our Advisory platform; more frequent reviews are conducted if an Adviser’s Portfolios are included on our separate Recommended List for separately managed accounts (“SMA Recommended List”).

#### **Our Process for Selecting Independent and Affiliated Advisers**

We generally select Independent and Affiliated Advisers and fund managers in order to provide our Clients with access to investment strategies in the major asset classes and investment styles and methodologies that can be used to pursue the Clients’ investment goals.

When evaluating potential Advisers, mutual funds, and/or ETFs for addition to our platform, generally, we request and review information from the Adviser or fund manager relating to the business maturity and investment resources of the Adviser or fund manager, its ability to successfully implement the identified strategy, and the relevance of the strategy to Stifel clients. However, we may also determine to add an Adviser (or one of its Portfolios), mutual fund, or ETF due to other business interests, such as (but not limited to) the entity’s (or its affiliate’s) overall business relationship with our firm or our affiliates.

Our Affiliated Advisers may also serve as Investment Manager for a Program or Portfolio within a Program and, in such cases, may be responsible for trading, adjusting allocations, and rebalancing Client accounts invested in such Program or Portfolio, as appropriate, as well as implementing any applicable investment restrictions, and other portfolio management decisions. Subject to our fiduciary obligations, we generally approve Affiliated Advisers to manage Portfolios where the Affiliated Adviser’s investment style is in line with the asset

class, investment style, and investment methodology that we are looking to fill for the relevant Program. However, it is important for Clients to note that our due diligence processes for Affiliated Advisers is less rigorous than for Independent Advisers, and there may be times when we approve and/or continue to make available an Affiliated Adviser’s Portfolio which would not have been approved, or would have been terminated, if offered by an Independent Adviser.

Our staff conduct periodic due diligence reviews of Advisers, typically through a review of the investment results and portfolio characteristics, as well as a review of the Adviser’s responses to our due diligence questionnaire.

**Recommended Lists:** As set forth above, our firm creates Recommended Lists for mutual funds, ETFs, and SMAs. The Recommended Lists are made available to our Financial Advisors for consideration; however, we do **not** require our Financial Advisors to restrict their Portfolio or Fund recommendations to products on the applicable Recommended List. Candidates for inclusion on any of the Recommended Lists are subject to a much higher level of review than used in determining whether to make an Adviser, mutual fund, or ETF broadly available on our platform.

- **Traditional Mutual Fund and ETF Recommended Lists:** TPRG is responsible for creating and maintaining the Traditional Mutual Fund Recommended List, as well as the Traditional ETF Recommended List. Each list is updated and published on a monthly basis and made available to all Stifel personnel. TPRG analysts may nominate any traditional mutual fund or ETF available on Stifel’s platform for consideration to the applicable Recommended List. All Candidates are subjected to TPRG’s team-based, multi-step research process, which requires candidate firms to submit a Request for Proposal (RFP) response and participate in a portfolio manager interview. Characteristics that are considered during the review process include, but are not limited to: portfolio management personnel (professional experience/educational background/succession plan/compensation structure/personal investment), investment process/philosophy, historical performance / risk statistics, risk management process, asset level / capacity, and investment cost. Additional considerations for passively managed ETF characteristics include, but are not limited to: index methodology, liquidity/tradability, volume, and spread.
- **Liquid Alternative Mutual Fund Recommended List:** AIDD is responsible for creating and maintaining the Liquid Alternative Mutual Fund Recommended List, comprised of non-traditional or alternative mutual funds. This Recommended List is updated and published periodically and made available to all Stifel personnel. All Liquid Alternative Mutual Fund Recommended List Candidates are subjected to the AIDD research process. Fund characteristics considered during the review process may include, but are not limited to: portfolio management personnel (professional experience/educational background/succession plan/compensation structure/personal investment), investment process/



philosophy, historical performance/risk statistics, risk management process, and asset level/capacity.

- **SMA Recommended List:** The SMA Research team creates and maintains the SMA Recommended List using a process similar to that used for Mutual Funds and ETFs. Recommended SMAs are subject to the SMA team's research process, which collects information from candidate firms through RFP documents and a portfolio manager interview. Strategy characteristics that are considered during the review process include, but are not limited to: portfolio management personnel (professional experience/educational background/succession plan / compensation structure/personal investment), investment process/philosophy, historical performance/risk statistics, risk management process, asset level/capacity, and investment cost.

In general, the weight given by TPRG to any one factor when considering candidates for the Recommended Lists depends on the characteristics of the strategy (including its risk profile, as well as the applicable team's opinion of the effectiveness of the adviser or fund manager in implementing the strategy. Clients should understand that we will not review the entire universe of mutual funds, ETFs, and/or adviser portfolios available in the market or on our platform. As a result, there may be one or more Independent Advisers or unaffiliated Funds that might be more appropriate for a given Recommended List or a client's account. These other funds, ETFs, and/or Portfolios may outperform Portfolios, mutual funds, or ETFs selected for our platform generally, our Recommended Lists, any of our Portfolios, or a Client account in any of our Programs.

Adviser Portfolios (SMAs) and Funds included on our Recommended Lists are subject to periodic due diligence reviews. These periodic due diligence and/or monitoring activities may include reviews of investment results and portfolio characteristics, or on-site and/or telephonic reviews with the investment and other personnel of the Advisers or Fund managers. Advisers and Funds generally report performance and other events on a quarterly basis using industry sources and databases and/or questionnaires, to which we have access and review regularly.

#### **Replacing Independent and Affiliated Advisers**

We may consider replacing Advisers if there are substantial changes in their investment style or if Portfolio characteristics are inconsistent with our expectation for the stated style, philosophy, and policies upon which they were hired. Additionally, we may consider replacing Advisers who have invested in prohibited securities, experienced material changes in their business structure, failed to abide by Client objectives and/or restrictions, failed to abide by the terms or conditions of the agreement or any amendments thereto, and/or have demonstrated unacceptable performance. We notify all affected Clients in the event we determine to replace or otherwise terminate an Adviser (or a Portfolio) from our Advisory Platform. To the extent possible, we provide Clients advance notice of the termination, together with a list of potential replacements to consider. However, it is ultimately the Client's decision whether to invest with any of the potential replacements

provided. We will generally terminate the Advisory status of any account that remains in a terminated Portfolio as of the stated effective time.

#### **Independent and Affiliated Adviser Performance Information**

We obtain Adviser performance information from a number of different sources. In addition, certain Advisers may provide performance information directly to Stifel, or directly to Clients. In such cases, the Adviser is responsible for reviewing the information provided. Stifel does not independently verify or guarantee that an Adviser's performance information is accurate or complete. In addition, Advisers may use different methods for calculating performance; as a result, performance information presented to Clients may not be calculated in a uniform and consistent basis. For Client accounts, periodic reports (as defined in the below-referenced section) are available by request from a Financial Advisor. More detailed information regarding our reports, including performance calculation methodology, can be found below in the section titled "*Performance Information.*"

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

#### **Methods of Analysis and Investment Strategies**

As discussed above, Stifel's TPWG is responsible for the analysis, selection, and onboarding of the Funds, ETFs, and Advisers (including their specific Portfolios) to be made generally available at our firm. The TPRG is represented on the TPWG and provides due diligence, as requested, in support of such onboarding considerations. In selecting Funds and/or ETFs to be made available for purchase broadly at Stifel, the TPWG considers many factors, including, but not limited to, a fund's investment objectives and style, long-term performance records, and annual expense ratios (i.e., costs). From time to time, as discussed above, select Funds, ETFs, and/or Portfolios from the broad universe of those that are approved for Stifel's platform are selected for the firm's Traditional and/or Alternative Mutual Fund Recommended List, ETF Recommended List, or SMA Recommended List by the appropriate unit.

For investments in individual equities in the Fundamentals Portfolios, ISG selects the securities to be included in the portfolios and manages the allocations across various holdings.

When selecting securities, the team will use information obtained from various sources, which may include financial publications, inspections of corporate activities, company press releases, research material prepared by affiliates and/or third parties (including Stifel's Research Department), regulatory and self-regulatory reports, written reports, online media, telephone contacts, and personal meetings with affiliated and unaffiliated research analysts, economists, and corporate and industry spokesperson and other public sources. The team uses these sources to obtain information about the economy, industries, groups of securities, and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit

analysis, risk measurement analysis, performance analysis, and other information that may affect the economy or securities prices.

Important issues and valuation measures that ISG considers when selecting specific equity securities may include, but may not be limited to, dividend yield, price/earnings multiple, ratio of growth rate to price/earnings multiple, ratio of market price to book value, market capitalization to revenue ratio, relative strength, management capability and reputation, corporate restructuring trends, asset value versus market value, and other fundamental or technical analysis.

In cases where Financial Advisors are directing and/or recommending specific securities or investments, they use information obtained from various sources, including financial publications, inspections of corporate activities, company press releases, research material prepared by affiliates and/or third parties, rating or timing services, regulatory and self-regulatory reports, and other public sources. Financial Advisors use research provided by our research department, our internal product specialists, and/or from other sources relating to a broad range of research and information about the economy, industries, groups of securities, and individual companies, statistical information, market data, accounting and tax law interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and other information that may affect the economy or securities prices. The research used may be in the form of written reports, telephone contacts, and personal meetings with research analysts, economists, government representatives, and corporate and industry spokespersons. Additional information about the various research sources that our Financial Advisors may use in connection with Advisory accounts is provided below under the section ***“Brokerage Practices – Research and Other benefits.”*** Financial Advisors use any and/or a combination of fundamental, technical, quantitative, and statistical tools and valuation methodologies. The use of these different methodologies may result in technical or quantitative research recommendations that may differ from, or be inconsistent with, fundamental opinions for the same security.

Important issues and valuation measures that Financial Advisors may consider when selecting specific equity securities for Advisory accounts may include, but are not limited to, dividend return, ratio of growth rate to price/earnings multiple, ratio of market price to book value, market capitalization to revenue ratio, relative strength, management capability and reputation, corporate restructuring trends, asset value versus market value, and other fundamental and technical analysis. With respect to fixed income securities, Financial Advisors can assist a Client to determine, or recommend to a Client, the appropriate type of security (government, corporate, or municipal), the appropriate maturity and diversification, and the appropriate parameters that will apply to the fixed income securities to be purchased for the Client account.

In general, our Advisory services with respect to the Programs offered in this brochure typically combine asset allocation and periodic rebalancing with the aim of growing and/or preserving

principal. Our Financial Advisors generally assist Clients in designing portfolios with a long-term perspective, and periodically rebalance (or recommend rebalancing) the portfolios, as they deem appropriate, to manage risk.

Additional information on the investment strategies and methods of analysis used in connection with each Portfolio is available upon request to your Financial Advisor.

### **Risk of Loss**

You should understand that all investment strategies and the investments made when implementing those investment strategies involve risk of loss, and you should be prepared to bear the loss of assets invested. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of your investments will fluctuate due to market conditions and other factors.

Our Financial Advisors may recommend a wide array of investments, and as discussed above, each Program and/or Portfolio covers a wide range of securities. As such, the specific type(s) of risks that each Client is exposed to will vary depending on the particular Program and/or the Portfolio in which the Client is enrolled, as well as the investments held in the Client’s Advisory account. We do not offer any guarantees that any investment recommendations made with respect to our Programs will be profitable. Moreover, Clients should note that past performance is not a guarantee of future results.

### **Material Risks**

For the Portfolios listed or referenced above, equities, ETFs, mutual funds, options, and fixed income securities are the primary investments. The material risks described below do not include every potential risk associated with the Programs and investment products, and you should not rely solely on the descriptions provided below. You should ask questions about risks applicable to particular Programs and investment products, read all product-specific risk disclosures, and decide whether a particular Program and investment product is appropriate for you based on your specific circumstances, investment objectives, and financial situation. For example, you should read the prospectus and other offering documents (or, in the case of an Adviser Portfolio, the Adviser’s Form ADV Part 2A) for a full description of risks associated with particular investments. You should consider all disclosed risks associated with the types of transactions and securities involved in the Portfolio and/or product in which you are contemplating an investment as well as the potential impact that engaging in any of the below transactions may have on the account’s overall performance.

The following material risks may also be applicable to Advisory accounts invested in the Programs covered in this brochure:

**General Economic and Market Conditions Risk:** The success of the firm’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, energy prices, commodity prices, national and international political circumstances

(including government intervention in financial markets, wars, terrorist acts, or security operations), natural disasters and regional, national, and global health crises (for example the global outbreak of the coronavirus disease 2019 (COVID-19) in 2020). These factors may affect the volatility of securities prices and the liquidity of your investments. Volatility or illiquidity could impair your profitability or result in losses. The firm's clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

**Management Style Risks:** As set forth above, a number of our Programs, including (but not limited to) Opportunity, Custom Advisory Portfolio, IMC, and Connect, are, or may be, managed or advised by Independent or Affiliated Advisers. In general, we consider an Adviser's performance track record, among other things, during the selection process. However, an Adviser's past performance is not a guarantee of its future results; as such, its investment strategies may fail to produce the intended results.

**Model-Based Trading Risks:** As set forth above, our firm is responsible for trading certain Portfolios provided to us by Independent or Affiliated Advisers, in the applicable Programs in this brochure. When the Portfolios are provided by the Adviser, we attempt to match the holdings, and to enter trades within the timeline and/or in the lots as may be directed by the Adviser; however, there may be times when we are unable to execute trades in the allocations or at the prices deemed ideal by the Adviser. There may also be times when we are entirely unable to implement a recommendation due to restrictions applicable to us in our capacity as a broker-dealer. For example, we may not be able to purchase a security recommended by an Adviser because the security is the subject of a research report by one of our firm's research analysts, or because our firm is involved in investment banking activities with the issuer of the security or is otherwise affiliated with the issuer. In such cases, if the Adviser is unable or unwilling to provide a substitute, we will typically re-allocate the position to cash, but may determine other substitutes, including re-allocating among existing positions or other alternatives that we deem reasonable. Differences in the Portfolio as implemented at Stifel and the Adviser's recommendations generally will result in differences in how our Client accounts perform relative to the Adviser's model Portfolio (which differences may at times be material). There may also be times when we receive trade instructions from more than one Adviser for the same security during the same day. Because our firm's policy is to execute trades as promptly as possible after receipt from an Adviser, and, to the extent possible, in the order received, we will not always be in a position to aggregate trades from multiple Advisers into a single block, which may get better execution. As a result, different Client accounts in MBT Portfolios and/or other Programs may receive different intra-day prices even where such accounts have traded in the same security for the day. There may also be times when we are obligated to purchase a security for an MBT Portfolio on the same day that we are selling the security for another MBT Portfolio or other Program. Finally, Advisers that provide Portfolios to us for implementation generally also provide the same Portfolios to multiple other sponsor firms, or manage the client accounts of other sponsor firms enrolled in

such Portfolios directly. Therefore, when Advisers communicate changes to such Portfolios to our firm, such changes are also disseminated to multiple sponsor firms, each of whom will likely attempt to implement the changes as soon as they are received, which will generally result in increased demand for the specific securities covered by such Portfolios, which generally will increase the price at which each such security may be bought (or decrease the sale price, as the case may be). Clients should note that this may, in turn, adversely affect the performance of their accounts. Based on all of the foregoing, Clients investing in Portfolios that we trade based on Adviser recommendations should understand that the performance returns achieved by their accounts may differ (at times significantly) from the performance of the Portfolio as reported by its Adviser.

**Investment Company Securities Risks:** A number of Portfolios covered in this brochure are heavily invested in mutual funds. In addition, Advisory accounts may invest in other investment companies, including ETFs, UITs, and/or closed-end funds. Each fund in a Portfolio may be subject to a variety of risks, depending on its investment strategies and/or the securities held. For example, mutual funds that primarily hold a portfolio of small capitalization companies will be subject to small capitalization risks, which may include increased volatility and decreased liquidity (relative to large capitalization companies). Each of these investments is subject to internal fees, which affect its net asset value and reduce the return that a Client will realize with respect to the investment.

**Exchange Traded Product Risks:** Exchange Traded Products (ETPs) are types of securities that derive their value from a basket of securities such as stocks, bonds, commodities, or indices, and trade intra-day on a national securities exchange. Generally, ETPs take the form of ETFs or exchange traded notes (ETNs). ETFs are discussed above under *Investment Company Securities Risks*; ETNs are senior unsecured debt obligations of an issuer, typically a bank or another financial institution; however, ETNs are not categorized as typical fixed income products.

A number of Portfolios may invest in non-traditional ETPs. Non-traditional ETPs employ sophisticated financial strategies and instruments, such as leverage, futures, and derivatives, in pursuit of their investment objectives. Leveraged and inverse ETPs are considered risky. The use of leverage and inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Typically, these products have one-day investment objectives, and investors should monitor such funds on a daily basis. Non-traditional ETPs are generally categorized as leveraged, inverse, or leveraged-inverse:

- **Leveraged** – Uses financial derivatives and debt to multiply the returns of an underlying index, commodity, currency, or basket of assets. Leveraged ETPs may include the terms “double,” “ultra,” “triple,” or similar language in their security name/description.
- **Inverse** – Uses various derivatives to seek to profit from the decline in the value of an underlying index, commodity, currency, or basket of assets; used typically to hedge

exposure to downward markets. Inverse ETPs may include the term “contra,” “short,” or similar language in their security name/description.

- *Leveraged-Inverse* – Uses swaps, futures contracts, options, and other derivative instruments to seek to achieve a return that is a multiple of the opposite performance of the underlying benchmark or index. Leveraged-inverse ETPs may include a combination of leveraged and inverse terms, such as “ultra short,” in their security name/description.

Non-traditional ETPs are complex products that have the potential for significant loss of principal and are not appropriate for all investors. Investors should consider their financial ability to afford the potential for a significant loss. These products seek investment results for a single day only. The effect of compounding and market volatility could have a significant impact upon the investment returns. Investors may lose a significant amount of principal rapidly in these securities. Non-traditional ETPs may be volatile under certain market conditions. Investors holding non-traditional ETPs over longer periods of time should monitor those positions closely due to the risk of volatility. Non-traditional ETPs are focused on daily investment returns, and their performance over longer periods of time can differ significantly from their stated daily objective. Investors may incur a significant loss even if the index shows a gain over the long term. Non-traditional ETPs use a variety of derivative products in order to seek their performance objectives. The use of leverage in ETPs can magnify any price movements, resulting in high volatility and potentially significant loss of principal. Non-traditional ETPs may suffer losses even though the benchmark currency, commodity, or index has increased in value. Investment returns of non-traditional ETPs may not correlate to price movements in the benchmark currency, commodity, or index the ETP seeks to track. Some non-traditional ETPs may have a low trading volume, which could impact an investor’s ability to sell shares quickly. Non-traditional ETPs may be less tax efficient than other ETPs. As with any potential investment, an investor should consult with his or her tax advisor and carefully read the prospectus to understand the tax consequences of non-traditional ETPs.

**Fixed Income Securities Risks:** A number of Portfolios and/or Financial Advisors may invest in a variety of fixed income securities. Fixed income securities are subject to credit risk, interest rate risk, and liquidity risk. Credit risk is the risk the issuer or guarantor of a debt security will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations. Interest rate risk is the risk of losses due to changes in interest rates. In general, the prices of debt securities rise when interest rates fall, and the prices fall when interest rates rise. Duration measures the change in the price of a fixed income security based on the increase or decrease in overall interest rates. Bonds with higher duration carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are very low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease, and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. High-yield debt securities (junk bonds) generally are more sensitive to interest rates. Such

securities are also highly subject to liquidity risk. Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price. There are also special tax considerations associated with investing in high-yield securities structured as zero coupon or pay-in-kind securities. Municipal Bonds may also have a call feature, entitling the issuer to redeem the bond prior to maturity. A callable security’s duration, or sensitivity to interest rate changes, decreases when rates fall and increases when rates rise because issuers are likely to call the bond only if the rates are low. Investors in callable bonds are therefore subject to reinvestment risk – that is, the risk that they will need to reinvest their proceeds at lower rates. Municipal bonds are also subject to state-specific risks, such as changes in the issuing state’s credit rating, as well as the risk that legislative changes may affect the tax status of such bonds. Investments in government-sponsored entity securities also exhibit these risks, although the degree of such risks may vary significantly among the different government-sponsored entity securities. Some securities issued or guaranteed by U.S. government agencies or instrumentalities are not backed by the full faith and credit of the U.S. and may only be supported by the right of the agency or instrumentality to borrow from the U.S. Treasury.

**Structured Investments:** Certain Financial Advisors may recommend structured products. Structured investments are financial instruments that are generally derived from or based on a single security, basket of securities, an index, one or more interest rates, a commodity or basket of commodities, a debt issuance, a foreign currency or basket of currencies, and/or an actively or passively managed fund or collection of funds (each, a “Structured Investment”). Structured Investments may not be suitable for all investors. Clients that invest in Structured Investments (or in a Portfolio that invests in Structured Investments) should be prepared to hold the Structured Investment until maturity. Clients that do not fully understand how Structured Investments work, as well as their associated risk, should not invest in these products (or in Portfolios that invest in these products). Structured Investments require the investor to assess several characteristics and risks that may not be present in other forms of investment, including structure risks (risks related to movements in the underlying asset and the effect of such movements on payouts under the Structured Investment), currency risks, liquidity risks, tax-treatment risks, loss of principal risk, call risk, and other types of risks. Some Structured Investments offer protection of the principal invested (contingent on the ability of the issuer to repay its senior unsubordinated obligations at maturity), whereas others offer more limited or no protection of the principal. Because the principal or interest payment on a Structured Investment is tied to the value of another asset or assets, a change in the value of that asset can affect the return on the Structured Investments in a manner not characteristic of non-structured obligations. In certain cases, an affiliate of Stifel may receive compensation from the issuer of the notes in connection with research and other services provided by the affiliate to the issuer of Structured Investments that we may offer to clients. Except in connection with retirement accounts, the affiliate’s compensation generally will not affect our firm’s compensation in connection with

clients that hold these investments in their advisory accounts – you should refer to the section “*Additional Information on Fees and Other Compensation*” for more details on affiliate compensation on certain products that we offer. Important information and risks specific to each Structured Investment offering will be disclosed in the offering materials for the specific product, and you should carefully review all related disclosures prior to investing in any Structured Investment.

**Other Risks for Structured Certificates of Deposits (CDs).** To the extent that the Structured Investments purchased in advisory accounts are CDs, the investments could also be subject to the following additional risks:

1. **Income Risk.** Many Structured CDs do not pay a fixed rate of interest; instead, such products’ return may be realized at maturity based upon the underlying asset or basket of assets or index. The interest rate earned may be lower than the interest rate available on other investments with the same maturity and could even be as low as zero. Some, but not all, Structured CDs may have maximum rates of return, regardless of the performance of the underlying index or strategy.
2. **Principal Risk.** Although Structured CDs are insured CDs, the Federal Deposit Insurance Corporation (“FDIC”) limit of \$250,000 per depositor only applies to the principal amount of the CD purchased. If sold prior to maturity, the sale will be subject to market prices and the principal may not be fully returned.

**Brokered Certificates of Deposit Risk:** Clients in certain Programs may invest in brokered CDs issued by U.S. depository institutions (each, a “CD Issuer”). These CDs are insured by the FDIC up to applicable limits, and Clients are responsible for monitoring the total amounts of deposits with any one CD issuer for FDIC guarantee limits. Brokered CDs held in Advisory accounts are subject to the Advisory Account Fee, and Clients should consider the impact of the Advisory Account Fee on the yield of any brokered CDs in their account(s). Among the risks relating to CDs are adverse changes in general economic conditions, as well as exposure to credit losses arising from possible financial difficulties of CD Issuers. Although Stifel generally seeks to select CDs of highly qualified CD Issuers that are subject to extensive governmental regulations, a CD Issuer’s profitability largely depends on the availability and cost of funds for the purpose of financing lending operations under prevailing money market conditions. Redeeming CDs before maturity may result in loss of principal due to fluctuations in the interest rate, lack of liquidity, or transaction costs. CDs sold prior to maturity may be worth less or more than the original purchase. Rates paid on brokered CDs may be lower or higher than the rates available directly through the CD Issuer or through a Stifel brokerage transaction. Clients should refer to the disclosures at <https://www.stifel.com/docs/pdf/Disclosures/Certificates-Of-Deposit.pdf> for additional general information regarding CDs, including terms, important investment consideration, and the extent of and limitations on FDIC insurance, and to the “*Specific Investment Product Disclosure*” Section of the Stifel Account Agreement and Disclosure Booklet for additional information regarding Brokered CDs.

**High Cash Balance Risks:** Cash balances in Advisory accounts are subject to the Advisory Account Fee, and as such, it is highly likely that Clients with high cash balances in Advisory accounts will achieve negative returns on such cash balances, particularly if high levels of cash are held for extended periods through an automatic sweep option. While maintaining account assets in cash may protect those assets from the risk of loss in the event of a market downturn, the interest that a Client will earn on cash held in an Advisory account through a sweep option will most likely be less than the applicable Advisory Account Fee. For most Clients in our Programs, the applicable sweep option is our insured bank deposit program. Our insured bank deposit sweep programs pay comparable market interest rates to insured bank checking accounts but may have significantly lower rates when compared to unaffiliated money market funds or other cash equivalents that could otherwise be used to hold cash in Client accounts. As a result, each Client should periodically evaluate whether maintaining high cash in any Advisory account is appropriate based on the Client’s specific objectives and investment goals, particularly where the cash is held through one of our insured bank deposit sweep programs. In all cases, each Client should note that the Client has the option to hold the cash in a brokerage account at Stifel and/or in deposit accounts through the affiliated bank or with other banks, in which case the cash would not be subject to Advisory Account Fees. Clients also have the option of using (including directing their Financial Advisors to use) other cash equivalents in their accounts; while subject to the Advisory Account Fee, these cash equivalents will likely earn higher interest rates than cash held through our insured bank deposit sweep programs.

**Derivatives Risks:** A number of Portfolios covered in this brochure may engage in derivative transactions, including, but not limited to, hedge funds, options, and managed futures products, for any purpose consistent with the Client’s investment objective and/or the Portfolio in which the Client account is invested. Generally, a derivative is a financial arrangement, the value of which is derived from, or based on, a traditional security, asset, or market index. Such transactions may be used for several reasons, including hedging unrealized gains. Hedging strategies, if successful, can reduce the risk of loss by offsetting the negative effect of unfavorable price movements in the investments being hedged. However, hedging strategies can also reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments. A Portfolio may also use derivative instruments to obtain market exposure (that is, for speculative purposes rather than hedging). A Portfolio may establish a position in the derivatives market as a substitute for buying, selling, or holding certain securities. The use of derivative transactions is a highly specialized activity that involves investment techniques and risks that may be more heightened than those associated with ordinary portfolio securities transactions. Portfolios or other accounts in various Programs may also engage in short selling. A short sale involves the sale of a security that is borrowed. Short sales expose a Client’s account to the risk that it will be required to acquire, convert, or exchange securities to replace the borrowed securities (also known as “covering” the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss. An account’s investment performance may

also suffer if required to close out a short position earlier than initially anticipated. In addition, an account may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as margin account maintenance costs. Each Client is urged to carefully consider the impact that engaging in any of these transactions will have on the account's overall performance.

**Alternative Investments Risks:** A number of Portfolios and/or Financial Advisors may invest in a variety of alternative investments. Alternative investments, including (but not limited to) private investment funds (such as hedge funds or private equity funds), alternative mutual funds, non-traditional ETFs, managed futures products, and/or real estate (related) investments may also present unique risks, such as decreased liquidity and transparency and increased complexity. Alternative investments typically use derivative instruments (such as options, futures, or index-based instruments) and/or leveraging strategies. The use of derivative instruments involves multiple risks, as discussed in more detail above. In addition, to the extent that the alternative investment uses commodities (or commodity-based derivatives) as part of its investment strategy, the investment return may also vary as a result of fluctuations in the supply and demand of the underlying commodities. Real estate-related investments will be subject to risks generally related to real estate, including risks specific to geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others. Each alternative investment is typically subject to internal fees (including, but not limited to, management and/or performance fees), which affect the product's net asset value and reduce the return that a Client will realize with respect to the investment. Additional risks may include style-specific risk, speculative investment risk, concentration risk, correlation risk, credit risk and lower-quality debt securities risk, equity securities risk, financial services companies' risk, interest rate risk, non-diversification risk, small- and mid cap company risk, and special risks of mutual funds and/or ETFs, among others.

**Unrelated Business Taxable Income:** Unrelated business taxable income ("UBTI") is income regularly generated by a tax-exempt entity by means of taxable activities. This income is not related to the main function of the entity, but is needed to generate a small portion of income. UBTI is typically associated with income received from investments in limited partnerships and master limited partnerships, which are required to pay out most of their profits. When UBTI of \$1,000 or more is received from investments held in a client's tax-deferred retirement account (such as an IRA), as custodian, Stifel will take the necessary steps to pay the UBTI tax liability from the assets of the retirement account and will use a vendor to prepare and file the required Form 990-T with the IRS. Affected retirement accounts will incur filing fees for each Form 990-T that Stifel files on behalf of the account. Clients with retirement accounts investing in such securities should refer to the Stifel Account Agreement and Disclosure Booklet for additional information about the processing fee charged for these filings.

**Tax-Exempt Securities Risks:** Certain Portfolios may seek to invest in tax-exempt securities, including (but not limited to)

municipal bonds as well as tax-exempt mutual funds and ETFs. In order to attempt to pay interest that is exempt from federal or state and local income tax, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed to shareholders to be taxable. In addition, income from one or more municipal bonds held in a Portfolio could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service ("IRS"), state, or other tax authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws may also cause the prices of tax-exempt securities to fall. Finally, income from certain municipal bonds may be subject to the alternative minimum tax ("AMT") and/or state and local taxes, based on the investor's state of residence. In addition, as discussed in more detail under the section "*Cash Sweep Options*" below, idle cash in Advisory accounts held at Stifel (including accounts invested in "tax-exempt" Portfolios) is typically swept into one of our insured bank cash sweep programs. Any interest earned by the Client in respect of such cash balances will not be exempt from taxes.

*IRS Circular 230 Disclosure: Stifel, its affiliates, agents, and employees are not in the business of providing tax, regulatory, accounting, or legal advice. This brochure and any tax-related statements provided by Stifel are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.*

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

**Emerging Markets Securities Risks:** Numerous emerging market countries have a history of, and continue to experience serious, and potentially continuing, economic and political problems. Stock markets in many emerging market countries are relatively small, expensive to trade in, and generally have higher risks than those in developed markets. Securities in emerging markets also may be less liquid than those in developed markets and foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. Additional restrictions may be imposed under other conditions. Frontier market countries generally have smaller economies or less developed capital markets, and as a result, the risks of investing in emerging market countries are magnified in frontier market countries.

**American Depositary Receipts (ADRs):** Certain Program assets may also be invested in ADRs stocks listed on a U.S. exchange. An ADR is typically created by a U.S. bank and allows U.S. investors to have a position in the foreign company in the form of an ADR. Each ADR represents one or more shares of a foreign stock or a fraction of a share (often referred as the “ratio”). The certificate, transfer, and settlement practices for ADRs are identical to those for U.S. securities. Generally, the price of the ADR corresponds to the price of the foreign stock in its home market, adjusted for the ratio of ADRs to foreign company shares. There are investment risks associated with ADRs including, but not limited to, currency exchange-rate, inflationary, and liquidity risks as well as the risk of adverse political, economic, and social developments taking place within the underlying issuer’s home country. In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities.

**Equity Risk:** Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, common stocks, preferred securities, convertible stocks, and warrants. The values of equity securities, such as common stocks and preferred securities, may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. Equity securities generally rank junior in a company’s capital structure to debt securities and consequently have greater price volatility and entail greater risk of loss than debt securities.

**Frequent Trading and High Portfolio Turnover Rate Risk:** The turnover rate within certain discretionary Advisory accounts may be significant. In connection with Portfolios run by Investment Managers that engage in trades away from Stifel, frequent trades may result in high transactions costs, including substantial brokerage commissions, fees, and other transaction costs. In addition, frequent trading (whether or not through trades away from Stifel) is likely to result in short-term capital gains tax treatment. As a result, high turnover and frequent trading in an Advisory account could have an adverse effect on the cost and therefore the return on the Advisory account.

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

Advisor when evaluating the cost of a proposed or existing wrap account.

**Diversification Risk:** Certain Portfolios within Stifel’s Advisory Programs may have concentration in specific asset classes, sectors, or individual securities, which could result in increased exposure to the risks that can be attributed to those specific investments. Additionally, certain Portfolios may invest in a specific investment style. As a result, clients in these Portfolios may not have access to as wide a variety of management styles as clients in other Portfolios. Certain Portfolios also invest in funds of specific sponsors or fund companies, which means that clients in these Portfolios only have access to the management style of that fund company or sponsor. Clients in these Portfolios will be subject to more risk than Clients in more diversified Portfolios and, therefore, are intended to complement other investments.

**Mid cap and Small cap Company Risk:** The securities of mid or small cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger-sized companies or the market averages in general.

**Municipal Securities Risk:** Municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and by the phasing out of federal programs providing financial support. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers of municipal securities. Issuers often depend on revenues from these projects to make principal and interest payments. The value of municipal securities can also be adversely affected by changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers, regulatory and political developments, tax law changes or other legislative actions (as discussed under Tax-Exempt Securities Risk above), and by uncertainties and public perceptions concerning these and other factors. In recent periods, an increasing number of municipal issuers in the United States have defaulted on obligations and commenced insolvency proceedings. Financial difficulties of municipal issuers may continue or get worse.

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

**Issuer Concentration Risk:** From time to time, a Financial Advisor (or a Portfolio) may take a significant position in a particular issuer; for example, a particular Financial Advisor’s Clients may, in the aggregate, own more than 5% of an issuer’s outstanding stock. Even where such position is spread among a number of Client accounts, the affected Clients will be more exposed to the issuer’s specific risk than where our firm’s



aggregate position in the issuer is insignificant and/or immaterial. Such large positions may also affect the liquidity of the investment because we may not be able to completely liquidate the position within a desired timeline or at a desired price if we own more than the typical daily trading volume. We are required by applicable regulations to disclose ownership of more than 5% of the total outstanding shares of certain equity securities held in our discretionary accounts. There are no similar disclosure requirements to the extent the positions are held in non-discretionary Client accounts. Clients are therefore encouraged to discuss these risks with their Financial Advisor when considering the Financial Advisor's investment recommendations.

**Dividend Reinvestment:** Clients that direct dividend reinvestment for their Advisory accounts should note that dividend reinvestment typically leads to the receipt of fractional shares. Stifel is not able to execute fractional share liquidations on an agency basis. Clients should therefore understand that where Stifel liquidates fractional shares, Stifel will purchase the fractional shares into its inventory. The price allocated to the fractional component will depend on whether the fractional shares portion can be processed on the same day as any whole shares that are part of the same liquidation transaction (in which case, the price will be the same as the market price received from the whole shares), or whether the fractional shares are processed on a different day (in which case, the price allocated to the fractional shares will be the previous business day's closing market price for the security). Stifel may benefit from (or lose money as a result of) implementing fractional share liquidation in Advisory Client accounts. In general, Clients should note that Stifel does not encourage dividend reinvestment in its Advisory accounts.

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

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

We generally do not provide particularized Client information to Advisers providing model Portfolios to our firm under MBT arrangements. In MBT arrangements, our firm (not the Adviser) is responsible for the various aspects of the client relationship.

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

We strongly encourage Clients to communicate with their Financial Advisor, rather than the Adviser of the Portfolio in which the Client is invested. However, Financial Advisors generally review with the Client the available Portfolios, as well as other information relating to the Adviser for such Portfolio,

and typically obtain Client consent prior to enrolling a Client in a Program or Portfolio. The information provided to each Client may include, where applicable, an Investment Manager's Form ADV Part 2A, which includes its name and contact information. In such cases, therefore, Clients have the option of contacting an Investment Manager directly. However, the foregoing does not apply to MBT Portfolios, because Clients in MBT Portfolio currently do not receive the Adviser's Form ADV 2A; we may change this policy at any time. Clients in the Connect Program are direct clients of such Connect Adviser and, therefore, are encouraged to have direct contact with the Connect Adviser.

#### **ADDITIONAL INFORMATION**

##### **DISCIPLINARY INFORMATION**

1. On September 1, 2020, Stifel entered into a Letter of Acceptance, Waiver, and Consent ("AWC") with FINRA to settle allegations that, during the period of October 31, 2017 through February 27, 2020, the firm lacked a supervisory system, including written supervisory procedures (WSPs), reasonably designed to detect and prevent Stifel and its registered representatives from executing pre-arranged transactions in violation of Municipal Securities Rulemaking Board (MSRB) Rule G-27. While not admitting or denying the allegations, the firm consented to a censure and monetary fine of \$40,000 to settle the allegations. As indicated in the AWC, Stifel updated its supervisory system and WSPs regarding the cited supervisory deficiencies prior to the entry of the AWC.
2. In March 2019, Stifel, along with 78 other investment advisers who voluntarily participated in the SEC's Share Class Selection Disclosure Initiative, consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order") by the SEC instituted pursuant to Sections 203(e) and 203(k) of the Advisers Act without admitting or denying the findings therein except those related to jurisdiction and the subject matter of the proceedings. The Order entered against Stifel alleged that Stifel willfully violated Sections 206(2) and 207 of the Advisers Act as a result of its inadequate disclosure of conflicts of interest related to (a) the selection of mutual fund share classes that charged 12b-1 fees, which are recurring fees deducted from fund's assets, when an alternative share class was available that did not charge a 12b-1 fee, and (b) the receipt of 12b-1 fees in connection with these investments. The SEC did not impose a civil penalty against Stifel in recognition of the fact that Stifel self-reported the issue to the SEC. However, Stifel was censured and ordered to cease-and-desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Advisers Act, pay disgorgement and pre-judgment interest in the amount of \$6,037,175.98 to affected investors, and comply with several undertakings related to notifying affected investors of the terms of the Order.



3. On January 26, 2018, Stifel entered into a Letter of Acceptance, Waiver, and Consent (“AWC”) with FINRA to settle allegations that the firm (i) traded ahead of certain customer orders at prices that would have satisfied the customer orders; (ii) did not maintain adequate supervisory controls that were reasonably designed to achieve compliance with FINRA Rule 5320 and Supplementary Material .02 of FINRA Rule 5320; and failed to report an information barrier identifier with its order audit trail system (OATS) submission for certain orders. These allegations were considered to be violations of FINRA Rules 2010, 3110, 7440(b)(19), and NASD Rule 3010. While not admitting or denying the allegations, the firm consented to a censure, monetary fine of \$37,500, plus interest of \$318.25, restitution payments to affected investors, and an undertaking to revise its written supervisory procedures relating to Rule 5320 and Supplementary Material .02 of FINRA to settle these allegations.
4. On January 26, 2018, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report to the Trade Reporting and Compliance Engine (“TRACE”) transactions in TRACE-eligible securitized products within the time required by FINRA Rule 6730. While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$17,500.
5. In June 2017, Stifel entered into an AWC with FINRA to settle allegations that Stifel did not provide timely disclosures to a municipal issuer in connection with its role as placement agent in a placement of bonds issued by the municipal issuer in accordance with interpretive guidance issued by the Municipal Securities Rulemaking Board (“MSRB”) regarding MSRB Rule G-23. In May 2012, Stifel recommended that the issuer do a placement, in lieu of a public offering, in order to save on debt service costs. The issuer accepted Stifel’s recommendation and agreed that Stifel would serve as placement agent. However, Stifel did not provide the disclosures regarding its role in a timely manner. As a result, the firm was alleged to have violated MSRB Rule G-23 by serving as both financial advisor and placement agent on the same issue. While not admitting or denying the allegations, Stifel agreed to a regulatory censure and a monetary fine of \$125,000.
6. In March 2017, Stifel consented to the entry of a Cease and Desist Order (“Order”) by the SEC in which Stifel was found to have violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder by failing to adopt or implement adequate policies and procedures to track and disclose the trading away practices of certain Investment Managers in several of Stifel’s discretionary wrap fee programs, including information about additional costs incurred by clients as a result of the Investment Manager’s use of another broker to execute transactions away from Stifel. Stifel neither admitted nor denied the findings contained in the Order, except those related to jurisdiction and the subject matter of the proceeding. Stifel made several undertakings enumerated in the Order related to the trading away practices of third-party managers, including a review and update of its policies and procedures, providing information to financial advisors and clients, and training financial advisors. Stifel was ordered to pay a civil penalty of \$300,000 and ordered to cease and desist from violating Section 206(4) and Rule 206(4)-7 thereunder.
7. On January 4, 2017, an Administrative Consent Order (“Order”) was entered against Stifel and a former registered representative associated with Stifel by the Securities Division of the Mississippi Secretary of State (“Division”) resolving an investigation into certain activities occurring in two branch offices during the period of September 2000 through November 2013. Without admitting or denying the findings in the Order, Stifel agreed to the entry of the Order directing Stifel to cease and desist from violating Rule 5.15 of the Mississippi Securities Act of 2010, a books and records rule, and to pay the Division \$49,500 on its behalf as well as \$500 on behalf of the former registered representative.
8. On December 6, 2016, a final judgment (“Judgment”) was entered against Stifel by the United States District Court for the Eastern District of Wisconsin (Civil Action No. 2:11-cv-00755) resolving a civil lawsuit filed by the SEC in 2011 involving violations of several antifraud provisions of the federal securities laws in connection with the sale of synthetic collateralized debt obligations (“CDOs”) to five Wisconsin school districts in 2006. As a result of the Order, Stifel is required to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and 17(a)(3) of the Securities Act, and Stifel and a former employee are jointly liable to pay disgorgement and prejudgment interest of \$2.5 million. Stifel was also required to pay a civil penalty of \$22 million. The Judgment also required Stifel to distribute \$12.5 million of the ordered disgorgement and civil penalty to the school districts involved in this matter.
9. On April 8, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm used permissible customer-owned securities as collateral for bank loans procured by the firm. However, on several occasions over a period of years, prior to performing its customer reserve calculation, Stifel substituted those loans with loans secured with firm-owned collateral. The substitution thereby reduced the amount that Stifel was required to deposit into the Customer Reserve Account. FINRA found the practice to be a violation of applicable rules, including Section 15I of the Securities Exchange Act of 1934 and Rule 15c3-3(e)(2) thereunder. Throughout the relevant period, the firm had sufficient resources to fund the Customer Reserve Account even if the substitutions had not occurred. While not admitting or denying the allegations, the firm consented to a censure and fine of \$750,000.
10. On March 24, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm executed transactions in a municipal security in an amount that was below the minimum denomination of the issue. The conduct described was deemed to constitute a violation of

applicable rules. While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$25,000.

11. On March 3, 2016, Stifel entered into an AWC with FINRA to settle allegations that the firm, among other things, (i) traded ahead of certain customer orders, (ii) failed to mark proprietary orders with required notations, (iii) failed to yield priority, parity, and/or precedence in connection with customer trades submitted with proprietary orders, (iv) failed to disclose required information in writing to affected customers, and (v) failed to reasonably supervise and implement adequate controls in connection with these trades. These allegations were considered to be violations of New York Stock Exchange ("NYSE") Rules 90, 92, 410(b), and 2010 as well as Section 11(a) of the Exchange Act. While not admitting or denying the allegations, the firm consented to a censure and fine of \$275,000.
12. On January 5, 2016, Stifel, along with one of its employees, entered into an AWC with FINRA to settle allegations that Stifel and the employee (i) failed to adequately supervise the written communication of a registered institutional salesperson who circulated communications about companies that were subject to Stifel research and (ii) failed to implement a supervisory system designed to supervise the distribution, approval, and maintenance of research reports and institutional sales material. These allegations were considered violations of various NASD Rules (including, but not limited to Rule 2711(a)(9), 2210(d)(1), and 3010). While not admitting or denying the allegations, the firm consented to a censure and fine of \$200,000.
13. On October 27, 2015, Stifel was one of many firms to enter into an AWC with FINRA to settle allegations that the firm (i) disadvantaged certain customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge, but were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and (ii) failed to establish and maintain a supervisory system and procedures to ensure that eligible customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. These allegations were considered to be violations of NASD Rule 3010 and FINRA Rules 3110 and 2010. While not admitting or denying the allegations, the firm consented to a censure and to pay \$2.9 million in restitution to the eligible customers.
14. On June 18, 2015, Stifel, together with 39 other financial services firms, consented to the entry of a Cease and Desist Order by the SEC following voluntary participation in the SEC's Municipalities Continuing Disclosure Cooperative Initiative ("MCDC"). The SEC alleged that each participating firm generally violated federal securities laws and regulations (including certain anti-fraud provisions thereof) in connection with municipal securities offerings in which the firm (i) acted as either senior or sole underwriter and in which the offering documents contained false or misleading statements by the issuer about the issuer's prior compliance with certain federal securities laws or regulations, (ii) failed to conduct adequate due diligence about the issuer in connection with such offerings, and (iii) as a result, failed to form a reasonable basis for believing the truthfulness of the statements made by the issuers in the offerings, in each case as required by applicable securities laws and regulations. While not admitting or denying the allegations, Stifel consented to a fine of \$500,000 and to retain a consultant to conduct a review of its policies and procedures relating to municipal securities underwriting due diligence.
15. On June 10, 2015, Stifel entered into an AWC with FINRA to settle allegations that (i) the firm failed to report the correct symbol indicating whether a transaction was buy, sell, or cross and inaccurately appended a price override modifier to 50,076 last sale reports of transactions that were reported to the FINRA/NASDAQ Trade Reporting Facility and (ii) the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws and regulations as well as FINRA rules concerning trade reporting. These allegations were considered to be violations of FINRA Rule 7230A(d)(6), FINRA Rule 2010, and NASD Rule 3110. While not admitting or denying the allegations, the firm consented to censure and a fine of \$40,000.
16. On June 8, 2015, Stifel entered into a settlement agreement with the Chicago Board of Options Exchange, Incorporated to settle allegations that the firm failed to register individuals, by the required deadline, who were otherwise required to register as proprietary trader principals. While not admitting or denying the allegations, the firm agreed to censure and a fine of \$35,000.
17. On March 4, 2015, Stifel entered into an AWC with The NASDAQ Stock Market LLC to settle allegations that the firm failed to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotation, when (i) the order price was equal to or would have improved the firm's bid or offer and/or the national best bid or offer for such security and (ii) the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security. In addition, The NASDAQ also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and the Rules of NASDAQ concerning limit order display. These allegations were considered to be violations of Rule 604 of Regulation NMS and NASDAQ Rules 3010 and 2010A. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$15,000.
18. On December 23, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm (i) failed to execute orders fully and promptly and (ii) failed to use reasonable diligence to ascertain the best inter-dealer market and to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing

market conditions. In addition, FINRA also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to certain applicable securities laws and regulations and/or the Rules of FINRA. These allegations were considered to be violations of FINRA Rules 5320 and 2010 and NASD Rules 2320 and 3010. While not admitting or denying the allegations, the firm agreed to a censure and a fine of \$55,000.

19. On November 3, 2014, the SEC issued a Cease-and-Desist Order and entered into a settlement agreement with Stifel to settle allegations that Stifel executed a transaction in Puerto Rico bonds with a customer in the amount below the \$100,000 minimum denomination of the issue. The conduct described was deemed to constitute a violation of MSRB Rule G-15(f). While not admitting or denying these allegations, the firm agreed to a censure and a fine of \$60,000.
20. On October 21, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm (i) failed to report to the FINRA/NASDAQ Trade Reporting Facility the capacity in which the firm executed certain transactions in Reportable Securities, (ii) failed to disclose to its customers the correct reported trade price in certain transactions and its correct capacity in each transaction, (iii) incorrectly included an average price disclosure in certain transactions, (iv) inaccurately disclosed the commission or commission equivalent in certain transactions, and (v) accepted a short sale in an equity security for its own account without: (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with Rule 203(b)(1) of Regulation SHO. In addition, FINRA also alleged that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the above-noted issues. These allegations were considered to be violations of FINRA Rule 7230A, SEC Rule 10b-10, Rule 203(b)(1) of Regulation SHO, SEC Rule 605 of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a censure and a fine of \$32,500.
21. On September 25, 2014, Stifel entered into an AWC with The NASDAQ Stock Market LLC to settle allegations that the firm failed to immediately display certain customer limit orders in NASDAQ securities in the firm's public quotation, when (i) the order price was equal to or would have improved the firm's bid or offer and/or the national best bid or offer for such security and (ii) the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each such security. The conduct described was deemed to constitute a violation of Rule 604 of Regulation NMS. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$12,500.
22. On September 22, 2014, Stifel entered into an AWC with FINRA to settle allegations on two separate items. The first, that the firm failed to establish and implement an anti-money laundering ("AML") program reasonably designed to detect and cause the reporting of certain suspicious activity during a period when the firm executed for its customers unsolicited purchases and sales of at least 2.5 billion shares of low-priced securities ("penny stocks") which generated at least \$320 million in proceeds. As a result, the firm was deemed to have violated NASD Rule 3011(a) and FINRA Rule 3310(a). The second allegation was that the firm failed to establish, maintain, and enforce a supervisory system reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933 and the applicable rules and regulations with respect to the distribution of unregistered and non-exempt securities. As a result, the firm was deemed to have violated NASD Rule 3010 and FINRA Rule 2010. While not admitting or denying the allegations, the firm consented to a censure and a fine of \$300,000.
23. On February 27, 2014, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report TRACE transactions in TRACE-eligible debt securities for agency bond new issue offerings during the period May 10, 2011, through September 30, 2011. While not admitting or denying the allegations, the firm agreed to (i) a censure, (ii) a fine of \$22,500, and (iii) revise the firm's written supervisory procedures relating to supervision of compliance with FINRA Rule 6760.
24. On January 9, 2014, Stifel entered into an AWC with FINRA to settle allegations that, among other things, (i) the firm allowed certain of its registered representatives to recommend nontraditional ETFs to customers without such representatives conducting adequate due diligence on the recommended products, (ii) the firm did not provide adequate formal training to its representatives or their supervisors regarding nontraditional ETFs before permitting such persons to recommend and/or supervise the sale of nontraditional ETFs to customers, and (iii) the firm failed to establish and maintain a supervisory system of controls, including written procedures specifically tailored to address the unique features and risks associated with nontraditional ETFs, or one that was reasonably designed to ensure that the sale of such nontraditional ETFs complied with applicable securities laws and regulations. The firm consented to a regulatory censure, a fine of \$450,000, and restitution to the 59 affected customers in the amount of \$338,128.
25. On December 23, 2013, Stifel and one of its representatives entered into a Stipulation and Consent Agreement with the State of Florida Office of Financial Regulation to settle allegations that the Stifel representative engaged in investment advisory business within the State of Florida without due registration as an investment advisory representative. Stifel agreed to an administrative fine of \$15,000. For its part, the State of Florida approved the individual's investment advisory representative registration.

26. On December 20, 2013, Stifel entered into an AWC with FINRA to settle allegations that, among other things, (i) the firm accepted and held customer market orders, (ii) traded for its own account at prices that would have satisfied the customer market orders, (iii) failed to immediately execute the customer market orders up to the size and at the same price at which it traded for its own account or at a better price, and (iv) failed to execute orders fully and promptly and, in addition, some of the instances resulted in prices to the customers that were not as favorable as possible under prevailing market conditions. The firm consented to a censure and fine of \$80,000.00 and to pay restitution of \$4,416.74 to the affected customers.
27. On September 27, 2013, Stifel entered into an AWC with FINRA to settle allegations relating to a Trading and Market-Making Surveillance Examination for trades dated in 2010 – specifically, that (i) the firm reported inaccurate information on customer confirmations relating to distinguishing compensation from handling fees, failing to include market-maker disclosure, and incorrectly including average price disclosure, (ii) the firm made available a report on the covered orders in national market system securities that included incorrect information regarding the size of orders, classification of orders in incorrect size buckets, (iii) the firm’s written supervisory procedures failed to provide adequate written supervisory procedures relating to supervisory systems, procedures and qualifications, short sale transactions, backing away and multiple quotations, information barriers, and minimum quotation requirements, and (iv) the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning order handling, anti-intimidation coordination, soft-dollar accounts and trading, Order Audit Trail System (“OATS”) reporting, books and records, and monitoring electronic communications. These allegations were considered to be violations of SEC Rule 10b-10, SEC Rule 605 of Regulation NMS, NASD Rule 3010, and FINRA Rule 2010, respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$20,000. The firm also agreed to revise its written supervisory procedures.
28. On August 6, 2013, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to properly indicate whether certain orders were buy, short sales, or long sales and, further, failed to indicate the correct capacity of certain orders into the NASDAQ/SingleBook System, in violation of NASDAQ Rules 4755 and 4611(a)(6), respectively. While not admitting or denying the allegations, the firm agreed to a regulatory censure and an aggregate fine of \$10,000.
29. On August 6, 2013, Stifel entered into an AWC with FINRA to settle allegations relating to three separate reviews from 2008, 2009, and 2010 regarding fair pricing of fixed income securities – specifically, that (i) for certain of those periods, the firm failed to buy or sell corporate bonds at a fair price, (ii) the firm bought or sold municipal securities for its own account and/or sold municipal securities to a customer at an aggregate price that was not fair and reasonable, and (iii) the firm failed to use reasonable diligence to ascertain the best inter-dealer market price for certain identified transactions and/or to buy and sell in such market, such that the price to its customers was as favorable as possible under prevailing market conditions. These allegations were considered to be violations of FINRA Rule 2010, NASD Rules 2110, 2320, 2440, Interpretive Materials -2440-1 and -2440-2, and MSRB Rules G-17 and G-30(A). To settle each of these separate allegations, the firm agreed to be censured and fined \$92,500 in the aggregate, and to pay restitution to clients of \$53,485.96 (of which \$36,762.73 had already been paid by the firm, of its own accord, to the affected clients) plus interest.
30. Stifel entered into an AWC dated August 6, 2013, for violations of SEC, FINRA, and NASD rules. The allegations were the result of four separate reviews FINRA conducted during 2008 and 2009 involving OATS reporting, market order timeliness, and market making. Without admitting or denying the findings, the firm consented to the described sanctions and was censured and fined \$52,500 for the violations found during the four separate reviews. The firm also agreed to revise its written supervisory procedures and to pay restitution in the amount of \$1,791.33 to its customers.
31. On May 29, 2013, Stifel entered into a settlement agreement with the Chicago Board of Options Exchange, Incorporated to settle allegations that the firm failed to register individuals that were otherwise required to register as proprietary trader principals by the required deadline. While not admitting or denying the allegations, the firm agreed to a regulatory censure and a fine of \$5,000.
32. On September 28, 2012, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to report TRACE 29451 transactions in TRACE-eligible debt securities within 15 minutes of the time of execution, in violation of FINRA Rule 6730(A) and Rule 2010. While not admitting or denying the allegations, the firm agreed to pay a fine of \$5,000.
33. On March 26, 2012, Stifel entered into an AWC with FINRA to settle allegations that the firm failed to adequately supervise a former Missouri agent who sold unregistered securities, and failed to detect or respond adequately to warning signs and/or evidence that should have alerted the firm to the agent’s misconduct. Stifel neither admitted nor denied FINRA’s findings. The firm consented to findings, a censure, and agreed to pay a regulatory fine of \$350,000 and restitution in an amount not to exceed \$250,000 plus interest to customers affected by the agent’s misconduct (subject to various other procedural requirements).
34. On January 24, 2012, Stifel entered into a consent order with the Missouri Securities Division to settle allegations that the firm failed to supervise a former Missouri agent

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

35. Between 2010 and 2017, Stifel entered into consent agreements with a number of state regulatory authorities regarding the sale of securities commonly known as "Auction Rate Securities" (ARS). The state regulatory authorities claimed that Stifel failed to reasonably supervise the sales of ARS by failing to provide sufficient information and training to its registered representatives and sales and marketing staff regarding ARS and the mechanics of the auction process applicable to ARS. As part of some or all of the consent agreements, Stifel agreed to pay various levels of fines to the states, to accept the regulator's censure, to cease and desist from violating securities laws and regulations, to retain at Stifel's expense a consultant to review the firm's supervisory and compliance policies and procedures relating to product review of nonconventional investments, and/or repurchase certain auction rate securities from the firm's clients. The states with which Stifel entered into agreements of consent during this period, and the amounts of the fines paid to the respective states are:

STATE	DATE RESOLVED	FINE PAID
US VIRGIN ISLANDS	09/14/10	\$ 1,050.00
CONNECTICUT	09/23/10	\$ 8,512.73
MAINE	09/24/10	\$ 1,116.04
MICHIGAN	09/29/10	\$ 35,788.02
SOUTH CAROLINA	10/04/10	\$ 1,446.25
ARKANSAS	10/19/10	\$ 1,314.17
NEW JERSEY	10/29/10	\$ 15,381.10
ALASKA	10/27/10	\$ 1,446.25
WISCONSIN	12/08/10	\$ 18,286.93
OREGON	02/17/11	\$ 2,502.92
MINNESOTA	01/31/11	\$ 5,805.01
NEVADA	02/03/11	\$ 17,164.21
OHIO	04/14/11	\$ 15,645.25
MARYLAND	05/13/11	\$ 16,663.56
FLORIDA	04/23/12	\$ 29,617.71
GEORGIA	05/01/12	\$ 2,040.63
PENNSYLVANIA	08/10/12	\$ 9,450.00

ILLINOIS	08/29/12	\$ 32,619.00
NORTH CAROLINA	11/03/17	\$ 18,088.80

36. On October 27, 2010, Stifel entered into an AWC with FINRA resolving FINRA's claim that Stifel failed to buy or sell corporate bonds at a price that was fair, taking into account all relevant circumstances; that the firm transmitted reportable order events to OATS that were rejected by OATS for repairable context or syntax errors that went uncorrected by the firm; that the firm incorrectly reported principal trade transactions as "agent" or "riskless principal" trades; and that the firm failed to report correctly the first leg of riskless principal transactions as "principal." While not admitting or denying the allegations, the firm agreed to a regulatory censure and to pay a \$32,500 fine.
37. On September 23, 2010, Stifel entered into an AWC with FINRA resolving FINRA's claim that, prior to its acquisition by Stifel, Ryan Beck & Co., Inc. had failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible UIT purchases. FINRA alleged that Ryan Beck failed to identify and appropriately apply sales charge discounts and misstated to certain clients that discounts and breakpoint advantages had been properly applied. While not admitting or denying the allegations, the firm agreed to an undertaking by which the firm would submit to FINRA a proposed plan of how it will identify and compensate customers who qualified for, but did not receive, the applicable UIT sales charges discount. The firm will determine the excess sales charges paid by customers and calculate monies owed, plus interest, and provide FINRA with a schedule of the same and a program of restitution.

#### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As set forth above, our firm is dual registered as an investment adviser and a broker-dealer, and is also a licensed insurance agency with various states. We also have a number of affiliates that are registered as investment advisers or broker-dealers (or both). In addition to being registered representatives of Stifel, some of our management persons may be registered representatives of these affiliated broker-dealers. Similarly, some of our management persons may be management persons of our affiliates, including Affiliated Advisers. Finally, some of our management persons may be licensed to practice law and/or may be certified accountants in various states. These individuals do not provide legal or tax advisory services to Clients. Our parent company, Stifel Financial Corp., is a publicly traded company (ticker: SF). We generally prohibit our Financial Advisors from recommending the purchase of our parent company securities in Clients' Advisory accounts.

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

***Affiliated Advisers*** – We have a number of arrangements with our Affiliated Advisers applicable to Clients enrolled in our Programs. As of the date of this brochure, our Affiliated Advisers included 1919 Investment Counsel, EquityCompass Investment Management, LLC, Washington Crossing Advisors, LLC, and InTyce, LLC. Our affiliations with any of the entities set forth above may change and/or we may acquire new affiliates at any time, without prior notice to you. Our Affiliated Advisers provide Model Portfolios and/or manage Portfolios on a discretionary basis in a number of our Programs. We have a conflict of interest when our Financial Advisors recommend Affiliated Advisers rather than Independent Advisers, since any Product Fee received by an Affiliated Adviser remains within the Stifel umbrella and may have a positive impact on the performance of our parent company stock (of which the Financial Advisor is likely a shareholder). Moreover, our Financial Advisors may develop close personal relationships with employees and associated persons of our Affiliated Advisers and, as a result, may have an incentive to recommend such Affiliated Advisers over Independent Advisers. To mitigate this risk, we do not pay our Financial Advisors on the basis of recommendations of Affiliated Advisers or other affiliated products. In addition, we pay our Affiliated Advisers in the same range as Independent Advisers (i.e., Product Fees to utilize the services and/or Portfolios of Affiliated Advisers is comparable to Product Fees associated with Independent Advisers).

We make our Advisory Programs available to investment advisory clients sourced by our affiliate, Century Securities Associates (“Century”) – a firm that is dual registered as an investment adviser and broker-dealer. We also provide portfolio management services to some of these clients if the clients enroll in any Program or Portfolio where we maintain discretion. We receive a share of the fees and/or charges paid by these Century clients in connection with the services that we provide, and pay a portion to Century for its services (including its Financial Advisors’ services). In our capacity as a registered broker-dealer, we also serve as clearing broker and custodian to brokerage accounts belonging to Century clients.

***Affiliated Broker-Dealers*** – We have a number of affiliates that are registered broker-dealers. As a full-service broker-dealer, we self-execute client transaction and, as such, generally do not use the execution services of our affiliated broker-dealers in providing services to our Advisory clients. However, a number of our affiliated broker-dealers may serve as underwriters or otherwise participate in the distribution of securities that end up in our advisory accounts through purchases in the secondary market (NOTE that our wrap accounts do not participate in initial public offerings). Some of our affiliated broker-dealers (for example, Keefe, Bruyette & Woods (“KBW”)) also provide research used by our Financial Advisors in making investment decisions for Clients. As set forth above, we do not use these affiliates (including KBW) to execute Client trades or otherwise provide services directly to Advisory Client accounts. Your Financial Advisor can provide or direct you to a full list of our affiliated broker-dealer, upon request.

***Affiliated Funds and Other Products*** – As discussed above in “Additional Information on Fees and Other Compensation,” Stifel and its affiliates receive compensation from Funds and other products.

***Affiliated Trust Companies and Banks*** – Our affiliated trust companies, Stifel Trust Company, N.A. and Stifel Trust Company Delaware, N.A., each provide personal trust services (including serving as trustee or co-trustee, or custodian) for individuals and organizations. The fees charged by our trust affiliates are structured in a manner that is consistent with fiduciary principles to which such entities are subject. From time to time, as trustee or co-trustee, these trust affiliates may open an Advisory account with us.

In connection with the insured bank deposit programs offered as cash sweep options for our Client accounts, our affiliated banks (Stifel Bank and Stifel Bank & Trust) and affiliated trust companies are either the sole participating deposit institutions, or the top participating deposit institutions into which idle cash swept from eligible Client accounts may be swept. From time to time, Clients may also have a direct relationship with a Stifel bank or trust company entity and hold other personal deposit and/or bank accounts at such affiliates, in which case, such Clients are solely responsible for any customary fees that are charged with respect to such deposit or other bank accounts.

Furthermore, as set forth under the section “Credit Line Loans” below, our affiliated banks may compensate us in connection with Credit Line Loans (based on the outstanding balance) that Clients hold at the bank. Clients should therefore note that the Financial Advisor may have an incentive to recommend such Credit Line Loans and, as such, should carefully review the terms of any proposed Credit Line Loan prior to taking out any such Loan.

Finally, our affiliated banks may, from time to time, issue brokered certificate of deposits which we may determine to make available for purchase by our clients.

***Limited Partnerships and Other Private Funds*** – Our firm may, directly or through an affiliate, act as general partner, manager, or managing member of various investment partnerships, limited liability companies, and similar entities (collectively referred to as “Affiliated Private Funds”). These Affiliated Private Funds are offered to eligible investors, some of whom may have Advisory accounts with us. Solicitation activities for these securities are typically made via an offering memorandum, circular, or prospectus and may only be made to clients for whom such investments are deemed suitable. Regardless of whether such funds are Affiliated Private Funds or not affiliated with us, investors will indirectly incur various fees and expenses as described in the offering documents for the applicable fund. With limited exceptions, Clients that invest in Affiliated Private Funds at Stifel are required to hold such securities in brokerage accounts. To the extent that Affiliated Funds are held in brokerage accounts, these clients are not charged Advisory Account Fees with respect to the holdings. If an exception is granted for a Client to purchase and/or hold such Affiliated Private Funds in an Advisory account, depending on the

particular Affiliated Private Fund and/or the specific class, series, or type of interest held, Stifel may charge an Advisory Account Fee with respect to such securities held in the Advisory account, which Advisory Account Fee will generally be in lieu of fees charged by the Affiliated Private Funds (but in addition to any fees charged by any underlying investments in which the Affiliated Private Funds invests), or the management fee or placement fee may be waived or reduced. Alternatively, the value of such securities held in the Advisory account will be excluded from the Advisory Account Fee billing.

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

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**Each Client should note that each relationship set forth above creates a conflict of interest for our firm and/or Financial Advisors. Our firm acts as a fiduciary with respect to all Advisory services. As a fiduciary, we take reasonable steps to ensure that all material conflicts are fully disclosed to our Clients.**

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

### **Code of Ethics**

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

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

To the extent we execute transactions for Client accounts, Advisory transactions are generally executed on an agency basis. However, our firm may trade with Clients and seek to earn a profit for its own account (such trades generally are referred to as “principal transactions”). Principal transactions are executed

at prices and commission rates that we believe are competitive and in accordance with industry practice. Although we may be able to provide a more favorable price to a Client if we purchase from or sell to our inventory of securities, we generally are not able to engage in such transactions with Advisory accounts due to regulatory requirements, which require written disclosure and consent on a trade-by-trade basis. Except as set forth below, we do not permit Advisory accounts to purchase securities in syndicated offerings from our firm or our affiliates, unless neither Stifel nor our other affiliates are underwriters for the offering and the transaction can be effected on an agency basis. We may, however, act in our capacity as a registered broker-dealer to execute principal trades (including, but not limited to, syndicate transactions) without having to obtain Client consent if the transaction is directed by an Independent Adviser for the Client’s wrap account in accordance with applicable law and/or regulatory guidance.

When permitted by applicable law and firm policy, we may cause Client accounts to engage in cross and agency cross transactions. A cross transaction occurs when we cause a Client account to buy securities from, or sell securities to, another Client, and our firm does not receive a commission from the transaction. We may (but are under no obligation to) cause Client accounts to engage in cross transactions. An agency cross transaction occurs when our firm acts as broker for a Client account on one side of the transaction and a brokerage account or another Client account on the other side of the transaction in connection with the purchase or sale of securities by the Client account, and our firm receives a commission from the transaction. We will have a potentially conflicting division of loyalties and responsibilities to the parties to cross and agency-cross transactions, including with respect to a decision to enter into such transaction as well as with respect to valuation, pricing, and other terms. We have adopted policies and procedures in relation to such transactions and conflicts. However, there can be no assurance that such transactions will be effected in the manner that is most favorable to a Client account that is a party to any such transaction. Cross transactions may disproportionately benefit some Client accounts as compared to other Client accounts due to the relative amount of market savings obtained by the client accounts. If effected, cross or agency cross transactions are effected in accordance with fiduciary requirements and applicable law (which may include providing disclosure and obtaining client consent). To the extent such consent is provided in advance of the cross or agency cross transactions, Clients may revoke the consent at any time by written notice to Stifel or their Financial Advisor, and any such revocation will be effective once we have received and have had a reasonable time to act on it.

Our Financial Advisors may also recommend securities issued by entities that are also clients of our firm, in our firm’s capacity as investment adviser and/or broker-dealer. For example, our Financial Advisors may recommend securities of issuers that our firm has otherwise sponsored or promoted (including serving as underwriter or selling member in initial public offerings and other syndicated offerings). To the extent recommended, those securities will be purchased in the secondary market, and not during the initial or secondary offerings. We do not allow

accounts over which we are serving as investment adviser to participate in offerings in which our firm is also a selling member (this limitation may not apply to transactions that are directed by unaffiliated Investment Managers on our platform, to the extent such transactions are permitted by applicable law). Client participation (if any) in such offerings must be effected in brokerage accounts, and solely in the firm's capacity as broker-dealer. Clients with brokerage accounts that determine to participate in such offerings should note, therefore, that neither Stifel nor the Financial Advisor is, in any way, acting as a fiduciary with respect to any such transactions. As associated persons of a registered broker-dealer, our Financial Advisors are generally prohibited from participating in these offerings. However, some of our affiliates may, for their own accounts or for accounts of their clients, take substantial positions in such securities. In such cases, the affiliate may indirectly benefit from our Financial Advisor's investment recommendations if (for example) the later purchase by our Client accounts of the securities (i.e., in the secondary market) cause the price of those securities to rise.

In general, our policies prohibit Stifel personnel from sharing information relating to investments made for Client accounts with affiliates or other parties, unless such parties need to know such information in order to provide services to any affected client accounts and such disclosure is permitted by law. To the extent that associated persons obtain information relating to investments by Stifel and/or an affiliate, such associated persons are prohibited from (i) passing such information to any other person who does not need to know the information in order to perform required duties and (ii) using such information to benefit a Financial Advisor or Client.

Our officers and/or employees (including our Financial Advisors) may serve on the boards of companies in Clients' portfolios. In addition, our firm or affiliates may provide services to such portfolio companies. The portfolio companies may compensate us (or our affiliates) for services with options to purchase stock or other equity interests of the portfolio companies. If an affiliate owns options or other securities issued by portfolio companies, a conflict of interest may arise between the timing of any exercise or sale of these options, and our decisions about the same portfolio securities for Client accounts. We do not solicit such information from any affiliate. Our firm, Financial Advisors, and affiliates frequently have access to non-public information about publicly traded companies. When this occurs, our Financial Advisors (and therefore, their Client accounts) may be prohibited from trading an existing position at a time that would be beneficial to such Clients, resulting in investment losses or the failure to achieve investment gains. In other cases, we may purchase or sell the securities of an issuer at a time when an affiliate or its employees have material non-public information about such securities or their issuers if the affiliates have not otherwise notified us of their possession of such information. Our affiliates and their respective employees have no duty to make any such information available to us, and we have no duty to obtain such information from the affiliates and do not otherwise solicit such information.

## **Personal Trading**

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

## **BROKERAGE PRACTICES**

### **About Our Broker-Dealer**

Our firm's principal business in terms of revenue and personnel is that of a securities broker-dealer. As a broker-dealer, we execute securities transactions per client instructions. As an integral part of the services offered when providing brokerage services, Financial Advisors may provide services and provide advice about securities that are incidental to Stifel's brokerage services. However, when providing brokerage services, Financial Advisors do not make investment decisions on behalf of clients and do not charge any fees for any incidental advice given. *Absent special circumstances, Financial Advisors are not held to fiduciary standards when providing brokerage services.* Legal obligations to disclose detailed information about the nature and scope of our business, personnel, commissions charged, material or potential conflicts of interests, and other matters are limited when acting as a broker-dealer.

### **Our Responsibilities as a Broker-Dealer**

As a broker-dealer, Stifel is held to the legal standards of the Securities Act of 1933, the Securities Exchange Act of 1934, FINRA rules, and state laws where applicable. Such standards include fair dealings with clients, reasonable and fair execution prices in light of prevailing market conditions, reasonable commissions and other charges, and reasonable basis for believing that securities recommendations are suitable. Brokerage clients pay commission charges on a per-transaction basis for securities execution services in their brokerage accounts. As set forth elsewhere in this brochure, with limited exceptions, accounts enrolled in the Programs above generally pay a wrap fee that covers Stifel's advisory custodial, execution, and administrative services, as well as other applicable advisory and portfolio management services by Advisers. See "Fees and Compensation" for more details about the wrap fee.

### **Execution of Transactions**

As set forth above, as wrap sponsor, we expect to self-execute trades for accounts in the Programs covered in this brochure to the



extent we have trading discretion and/or if Investment Managers direct trades to our firm. However, we may determine to effect transactions for discretionary Portfolios through other broker-dealers if we determine, in light of all applicable factors, that executing through the other broker-dealer would provide better execution than would be the case if we self-executed. Investment Managers in the Opportunity, Connect, and IMC Programs, have discretion to effect trades on behalf of Clients through broker-dealers other than Stifel. An Investment Manager may trade away if it determines, in its sole discretion, such trade-aways would be in the best interests of its clients, such as to satisfy its best execution obligations. As set forth above, Clients in our Programs pay fees to Stifel and, as applicable, the Investment Manager for services, which include costs related to transactions in Client accounts effected through Stifel. However, for all transactions executed through other broker-dealers, Clients will likely (but may not always) incur additional costs, such as commissions or markups/markdowns embedded in the price of the security, that are **in addition to, and not included in**, the Advisory Account Fee. As such, Clients are separately responsible for any execution costs incurred in connection with such trades. These additional costs are not reflected on Client account statements; however, if the Investment Manager has provided the appropriate information to us regarding such trades and the related additional costs, the information will be indicated on trade confirmations, or on quarterly transaction confirmation reports provided to those Clients who have elected to suppress immediate trade confirmations.<sup>1</sup>

<sup>1</sup> All other information shown does not reflect any additional execution costs resulting from trades executed through other broker-dealers.

As Advisers, Investment Managers have a fiduciary obligation to act in the best interests of their advisory clients and are therefore required to seek to obtain “best execution” in effecting trades on behalf of such clients. Under the Advisers Act, “best execution” generally means executing transactions in a manner such that the client’s total cost or proceeds are the most favorable under the circumstances. Although it is important for Investment Managers to seek the best price for a security in the marketplace and minimize unnecessary brokerage costs in satisfying its obligations, these are not the only factors used to determine whether the Investment Manager has satisfied its obligations. It is not an obligation to get the lowest possible commission cost, or to solicit competitive bids for each transaction, but rather, the Investment Manager determines whether the transaction represents the best qualitative execution for its clients. In selecting a broker-dealer, Investment Managers may consider the full range and quality of services offered by the broker-dealer, including the value of the research provided (if any), execution capability, commission rate charged, the broker-dealer’s financial responsibility, and its responsiveness. *It is also important to note that Stifel does not monitor, review, or otherwise evaluate whether an Investment Manager is satisfying its best execution obligations to clients.*

**Types of Securities Traded.** Investment Managers whose strategies consist primarily (or substantially) of fixed income securities, foreign securities (including American Depositary Receipts or ordinary shares), ETFs, and/or small cap securities are generally more likely to trade away from Stifel. This means that Clients investing in such strategies are more

likely to incur execution costs in addition to the Advisory Account Fee paid to Stifel. Clients should, therefore, take these costs into consideration when selecting and/or deciding to remain invested in the affected strategies.

**Trade Aggregation.** Investment Managers typically manage wrap client accounts for multiple firms using the same strategy, and may also manage other directly sourced accounts side-by-side with Stifel Client accounts. In certain cases, an Investment Manager may decide to aggregate all transactions for clients in its Portfolio(s) into a block trade that is executed through one broker-dealer, rather than separately through each participating firm (such as Stifel). Aggregating transactions into a single block may enable the Investment Manager to obtain a better price or additional investment opportunities for its clients, as well as allow the Investment Manager to exercise more control over the execution, including (for example) potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing a number of separate, successive, and/or competing client orders.

#### **Investment Managers’ Historical Trading Away Practices.**

We maintain a list of Investment Managers with trading discretion over Client accounts that have notified us that they traded away from Stifel during the previous year – the list is typically available no earlier than the second quarter of the following year. The list includes the names of the applicable Portfolios, information about the Investment Manager’s trade-away practices for a particular Portfolio, and the average associated costs (if any) during the applicable year. The information is provided to existing investors in the affected Portfolios, as well as to new Clients seeking to enroll into an affected Portfolio after such information is available. However, the information contained in the list is based solely upon information provided to Stifel by each Investment Manager and is not independently verified by Stifel. As a result, Stifel does not make any representations as to the accuracy of the information presented. The information on the list regarding an Investment Manager’s prior trade-away practices is not a guarantee that a particular Investment Manager will exercise or repeat the same practices in the future and/or with the same frequency. It is possible that an Investment Manager could trade away more or less frequently, or at a higher or lower commission rate, fee, or other expenses, resulting in greater or lesser costs than those indicated. Individual Clients enrolled in the Portfolios noted may experience different results. Similarly, it is possible that an Investment Manager that has not previously, or recently, traded away from Stifel will do so in the future. *Additional information about an Investment Manager’s brokerage practices, including the factors that the Investment Manager considers in satisfying its best execution obligations, which may vary according to the type(s) of securities traded, is contained in each Investment Manager’s Form ADV Part 2A Brochure. Clients should review each Investment Manager’s trading away practices before selecting, or while reviewing, the Investment Manager’s Portfolios.*

Orders for most Advisory Programs are routed for agency execution. Our firm does not impose commissions (including

markups or markdowns) on transactions that we execute for fee-based advisory accounts; however, as agency transactions, the broker on the other side of the transaction may charge a markup or markdown that may be equal to, or greater, than any markup or markdown we would have charged if we executed the trade in a principal capacity). Where permissible by applicable law (for example, in our Opportunity Program where an Independent Adviser is directing a trade for non-retirement accounts), we may act as broker for the transaction and, at the same time, purchase and/or sell securities for a Client transaction from our inventory. Consistent with applicable regulations, such inventory trades are not considered “principal transactions” to the extent that an Investment Manager (not Stifel) determines that purchasing the securities from Stifel inventory is in the underlying Clients’ best interest. In addition, if an Advisory account holds a position which includes fractional shares, Stifel will accommodate any requests to liquidate for the fractional component by processing the transaction through its principal trading account, while the whole shares are liquidated on an agency basis.

On the execution end, Advisory account orders are generally treated with the same priority and procedural flow as non-advisory brokerage trades (except, such orders are not routed to our market makers and may be done as a block order, which may have different rules and priorities). We generally use automated systems to route and execute orders for the purchase and sale of securities for most Advisory accounts, unless directed by Clients to do otherwise. We use a reasonable diligence to ascertain the best markets for a security and to buy and sell in such markets so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Certain large orders that require special handling may be routed to a market center for execution via telephone or other electronic means. We periodically monitor existing and potential execution venues and may route orders in exchange-listed or over-the-counter (“OTC”) securities to other venues if it is believed that such routing is consistent with best execution principles. For equity securities, we monitor the performance of competing market centers and generally route orders to those that consistently complete transactions timely and at a reasonable cost and which normally execute at the national best bid or offer. Whenever possible, orders are routed to market centers that offer opportunities for price improvement through automated systems. We execute mutual fund transactions for Advisory accounts through traditional omnibus vendors, or through clearing arrangements with other brokerage firms under so-called super-omnibus arrangements.

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

To the extent possible and where permitted under applicable law, and in order to seek a more advantageous trade price, we may (but are not required to) aggregate orders for the purchase of a security for the Accounts of several discretionary Client accounts for execution in a single transaction (“block trades”). However, Clients in our Solutions Program should be aware that we do not require Financial Advisors who manage Solutions accounts to aggregate orders for Client accounts into block trades. As a result, Clients with Solutions accounts managed by the same Financial Advisor (including, for example, in the same

Solutions Portfolio) may receive different execution prices even when trading in the same security on the same day. Additionally, we generally will not aggregate trades across MBT Portfolios even where such MBT Portfolios are trading in the same securities on the same day. Similarly, we generally will not aggregate trades for different accounts where portfolio management decisions for accounts are made separately (e.g., same-day trades for different Programs). Clients should, therefore, understand that discretionary accounts in one or more MBT Portfolios and/or Programs may get different prices even if such accounts trade in the same security on the same day. When used, block trading can allow us to execute equity trades in a timely, equitable manner. The related transaction costs are shared equally at an average price per share and on a pro rata basis between all accounts included in the block trade, and participating accounts receive the same average price for the security. Orders that cannot be filled in the same block trade or at the same average price are assigned to accounts in a manner that seeks to treat Clients fairly and equitably over time. This practice does not ordinarily affect or otherwise reduce fees, commissions, or other costs charged to Clients for these transactions, but may provide price improvement. A partial fill of a block trade may be allocated among Client accounts randomly, pro rata, or by some other equitable procedure. In certain cases, Advisers on our Advisory platform may use computer systems that allocate purchase and sale transactions either on a random or pro rata basis. In any case, Clients may pay higher or lower prices for securities than may otherwise have been obtained.

In connection with the handling of block orders, where permitted by law, our firm may engage in hedging, offsetting, liquidating, facilitating, or positioning transactions (“risk-mitigating transactions”) that may occur at the same time or in advance of a client order, and these activities may have impact on market prices. Unless we are informed in writing (“opt out”), we will conclude that all clients with accounts at Stifel understand that we may engage in risk-mitigating transactions in connection with client orders and will conclude that clients have given us (including our affiliates) consent to handle block transactions as described above. Clients can contact their Financial Advisor for instructions on how to opt out.

#### **Directed Brokerage**

Some Independent or Affiliated Advisers acting as Investment Manager may require Clients to direct brokerage. When Clients direct brokerage away from Stifel, it generally will result in higher costs. The wrap fee for Advisory services do not cover, and Clients are responsible for, brokerage commissions, markups, markdowns, and/or other costs associated with transactions effected through or with other broker-dealer firms.

#### **Rebates for Routing Orders**

While Stifel does not receive payment for order flow from other broker-dealers, Stifel does receive certain rebates for routing orders to the exchanges that execute such orders. The rebates vary depending on the order type and will be disclosed upon written request.

### Trade Error Correction

In the event we make an error that has a financial impact on a client's account, we will seek to correct the error as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We will evaluate each situation independently.

It is our firm's policy that if there is a trade error for which we and/or an Investment Manager are responsible, trades will be adjusted or reversed as needed in order to put the Client's account in the position that it would have been in if the error had not occurred. Errors relating to trades that have not yet settled are corrected at no cost to Client accounts by moving the affected securities to our error account and entering correcting trades in the Client's account such that the Client is made whole. We net the correcting trades when assessing the overall gain or loss associated with the correction, and retain any gains realized as a result of correcting trade errors.

In instances where an error occurs such that a trade correction is not available or practicable to implement (such as, for example, where a Client's account is enrolled into the wrong Portfolio and the error is not identified and corrected promptly), we will typically correct the error by reimbursing the Client the negative performance differential, if any, for the period from the start of the error to the time the correction is made.

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

### Research and Other Benefits

Financial Advisors and Clients have access to research published by our firm's research analysts ("Stifel Research"), the primary source of our research. Subject to certain exceptions, we incorporate the insights and economic perspectives of Stifel Research, where appropriate, into our products and services. *Clients should be aware that our firm may have conflicts of interest in connection with research reports published.* Stifel and other affiliates may have long or short positions, or deal as principal or agent, in relevant securities, or may provide Advisory or other services to issuers of relevant securities or to companies connected with issuers covered in research reports issued by Stifel Research. Our research analysts' compensation is not based on investment banking revenues; however, their compensation may relate to revenues or profitability of Stifel business groups as a whole, which may include investment banking, sales, and trading services. Financial Advisors also have access to proprietary models covering various securities, including (but not limited to) equities, fixed income, mutual funds, and municipal securities developed by our firm's various business areas, and may use these models in connection with managing and/or otherwise providing investment advice to Clients.

Our firm may also use research obtained from other financial institutions, including our affiliate, KBW, as well as from other affiliated or unaffiliated broker-dealers and/or investment

advisers. In general, we seek third-party research that is in-depth fundamental corporate research to assist in providing advisory services to clients. We do not use commission dollars from Program accounts to pay for research; our Financial Advisors have access to research from other financial institutions provided to our firm under reciprocal arrangements with Stifel Research. Our firm (or particular Financial Advisors) may also pay for independent research using hard dollars. Finally, as set forth in the *Training and Education Expenses From Fund Companies (or Advisers)*, our Financial Advisors may also obtain research from firms that provide other products and services to us (for example, an Adviser may make its research reports available to our Financial Advisors). Clients should be aware that our receipt of these research services may present a conflict of interest by creating an incentive for our firm and/or Financial Advisors to recommend the investment products offered by the research provider firms (or by their affiliates). In general, our policies prohibit our Financial Advisors from basing their recommendations of Advisers and/or securities on the research services received from the Adviser or issuer, or any of their related persons. Research services are generally used to benefit all client accounts, whether or not such research was generated by the applicable client account. However, not all research services will be used for all client accounts; the type of research used with respect to any one account will depend on, among other things, the types of investments that are deemed suitable for the account.

### Margin

We do not allow the use of margin in Advisory accounts except in limited cases. For those Clients that are specifically permitted, the use of margin strategies will be limited to eligible non-retirement Advisory accounts at Stifel. Notwithstanding the foregoing, we generally allow Clients to use the assets held in their Advisory accounts as collateral for margin debits held in non-Advisory accounts. *The use of leverage, or investing with borrowed funds, is generally not recommended in Advisory Programs;* however, it may be approved on an exception basis when specifically requested by individual Clients, or for use in specialized strategies. Certain eligibility requirements must be met, and documentation in the form of a separate margin agreement must be completed prior to using leverage in Advisory accounts. Only Clients can authorize the use of leverage in an Advisory account (that is, neither our firm nor our Financial Advisors can use discretion to set up a margin arrangement or privileges for a Client's Advisory account, even in cases where a Client has granted investment discretion to these persons or entities). In making the decision to set up margin privileges for an Advisory account, it is important Clients understand the risks associated with employing margin strategies, the impact the use of borrowed funds may have on Advisory accounts, and how investment objectives may be negatively affected. Employing margin in Advisory accounts is a more aggressive, higher-risk approach to pursuing investment objectives. Clients should carefully consider whether the additional risks are appropriate prior to employing margin strategies due to the increased potential for significantly greater losses associated with using margin strategies. The use of margin also involves higher costs; Clients pay interest to our firm on the outstanding loan balance of their original margin

loan. Furthermore, Advisory Account Fees are calculated as a percentage of total assets in the account; therefore, employing margin strategies to buy securities in Advisory accounts generally increases the amount of, but not the percentage of, the Advisory Account Fees. *This results in additional compensation to us. The amount of the margin loan is not deducted from the total value of the investments when determining account value for purposes of calculating the Advisory Account Fee.* As a result, Clients may lose more than their original investments. Likewise, a positive or negative performance, net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. A number of the risks discussed above apply, even in cases where the margin debit is held in a non-Advisory account, and Advisory assets are being used to cross-collateralize the loan. **Finally, to the extent that a maintenance call is triggered in connection with a margined account and we are forced to sell any assets used as collateral for the margin loan, we will act solely in our capacity as a registered broker-dealer (and not as an investment adviser or other fiduciary), even where such collateral is held in an Advisory account. Moreover, if selling such assets, we will seek to maximize our interest, and will not prioritize a Client's interest. Clients generally will not benefit from employing margin strategies if the performance of individual accounts does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan.**

### Credit Line Loans

Clients may apply for Credit Line Loans from our affiliated banks, using eligible securities accounts, including eligible Advisory accounts, as collateral. The proceeds of such loans may not be used to (a) purchase, carry, or trade in securities, (b) repay or retire any indebtedness incurred to purchase, carry, or trade in securities, or (c) repay or retire any debt to (or otherwise purchase any product or service from or any security or other asset issued by) any Stifel entity. If Advisory accounts are used to collateralize Credit Line Loans, the accounts are pledged to support any Credit Line Loans extended and Clients are not permitted to withdraw funds or other assets unless sufficient amounts of collateral remain to continue supporting the Credit Line Loans (as determined by the applicable Stifel Bank entity, in its sole discretion). Although Clients are required to satisfy such collateral requirements, they may terminate their Advisory relationship with Stifel, at which time these funds or assets will be maintained in a brokerage account at Stifel. Clients pay interest to the applicable Stifel Bank entity on Credit Line Loans at customary interest rates which may be variable or fixed. An increase in interest rates will affect the overall borrowing costs. Depending on the terms of loan as described in the loan documents, there may be prepayment fees if the loan is repaid early. Certain eligibility requirements must be met and loan documentation must be completed prior to applying for Credit Line Loans.

Credit Line Loans extended by Stifel Bank are typically full recourse demand loans that are subject to collateral maintenance requirements and can be called at any time. Clients repay the principal balance and interest on outstanding balances to Stifel Bank. These entities may demand repayment at any time. If the required collateral value is not maintained, the banking entity

may require additional collateral, partial or entire repayment of any Credit Line Loans extended. Clients may need to deposit additional cash or securities as collateral on short notice or repay a partial or entire amount of the funds borrowed if the value of their portfolio declines below the required loan-to-value ratio. Stifel Bank may refuse to fund any advance request due to insufficient collateral. Stifel Bank may increase your collateral maintenance requirement at any time without notice, and may call your Credit Line Loan at any time and for any reason. Because Stifel Bank assigns different release rates to different asset types, in some cases, Clients may also be able to satisfy such requirements by selling securities with a low release rate and investing and/or holding the proceeds in assets that have a higher release rate for the loan. In each case, failure to promptly meet requests for additional collateral or repayment, or other circumstances including a rapidly declining market, may cause our banking affiliate to instruct us to liquidate some or all of the collateral supporting any Credit Line Loan in order to meet collateral maintenance requirements without contacting you. The borrower is responsible for satisfying any amount not covered by the collateral. You are not entitled to an extension of time to meet a collateral maintenance call. You will not be entitled to choose the securities that will be sold. Depending on market circumstances, the prices obtained for the securities may be less than favorable. Any required liquidations may interrupt the account's investment strategy and may result in adverse tax consequences or additional fees being assessed.

As set forth above, our affiliated banks typically pay us a fee (up to 0.25%) of the outstanding Credit Line Loan balance, a portion of which is paid to your Financial Advisor. These affiliates may also make additional de minimis payments to Stifel service personnel that provide administrative assistance to Clients during the Credit Line Loan application process. These payments are in addition to any Advisory Account Fees charged with respect to the Advisory assets used to collateralize the Credit Line Loan. As such, these payments present a material conflict of interest for us in that they create a financial incentive for your Stifel Financial Advisor to make recommendations based on the additional compensation to be received rather than solely based on your financial needs. For example, a Financial Advisor may recommend that you open a Credit Line Loan rather than withdraw money from your Advisory accounts in order to retain the Advisory Account Fee that such assets are otherwise generating and to receive the additional compensation from the banking affiliate with respect to any outstanding Credit Line Loan balance that you maintain. Similarly, a Financial Advisor may recommend the continued maintenance of such Credit Line Loan to retain such payments. Finally a Financial Advisor may recommend that you invest or hold your Advisory account assets in positions that have been assigned high release rates by the applicable Stifel Bank entity for the Credit Line Loan (but which positions ultimately generate low investment returns for your Advisory account) in order to avoid maintenance calls on the Credit Line Loan which would require loan repayment and/or the liquidation of Advisory assets. Depending on your specific circumstances, including the intended use of the proceeds from the Credit Line Loan and the return on your Advisory account, over the long term, it may cost you more to take out the Credit Line Loan than if you had

withdrawn the money from your Advisory account. Clients are therefore encouraged to carefully consider the total cost of taking out any Credit Line Loan, and any additional compensation that the Financial Advisor will receive, when determining to take out and/or maintain Credit Line Loans. *Finally, to the extent that a maintenance call is triggered in connection with a Credit Line Loan and we are forced to sell any assets used as collateral for such Credit Line Loan, we will act solely in our capacity as a broker-dealer (and not as an investment adviser or other fiduciary), even where such collateral is held in an Advisory account. Moreover, if selling such assets, we will seek to maximize our interest (and/or those of our banking affiliate(s)), and will not prioritize a Client's interest.*

### **Other Important Considerations Relating to the Use of Margin or Credit Line Loans in Connection With Advisory Accounts.**

*Margin and Credit Line Loans involve risk and may not be appropriate for all borrowers. The return on your Advisory accounts must be higher than your financing cost in order for you to generate a positive return in your Advisory account. The market value of your Advisory account may decline, which may result in the value of that collateral no longer covering an outstanding loan amount. None of the Stifel, Stifel Bank, or our Financial Advisors provide legal or tax advice. Clients should consult legal counsel and tax advisors before using borrowed funds as collateral for loans. Neither our firm nor our affiliates act as investment adviser with respect to the liquidation of securities held in Advisory accounts to meet margin calls or Credit Line Loan demands, and as creditors, our firm and our affiliates may have interests that are adverse to Clients. There are substantial risks associated with the use of borrowed funds for investment purposes and the use of securities as collateral for loans. Additional limitations and availability may vary by state.*

**Mortgage Lending.** Mortgage loans are originated by SB&T, Equal Housing Lender, NMLS# 375103. Your Stifel Financial Advisor, however, does not offer residential mortgage products and is unable to accept any residential mortgage loan applications or to offer or negotiate terms of any such loan. We may compensate your Financial Advisor in connection with the origination of any mortgage loan, where permissible by law.

### **CASH SWEEP OPTIONS**

As custodian, we offer one or more cash sweep options, depending on the type of account that you have or are establishing (i.e., retirement versus non-retirement), for available cash balances in your accounts to be swept into bank accounts with participating banks (of which our affiliate banks are top or sole participating banks, as discussed below) insured by the FDIC. The interest rates on deposit accounts is determined by the amount the participating banks are willing to pay minus the fees and compensation paid to us (discussed below). Participating banks do not have to offer the highest rates available or rates comparable to money market mutual fund yields. By comparison, money market mutual funds generally

seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses.

We act as your agent and custodian in establishing and maintaining a deposit account at each participating bank. Although the deposit accounts are obligations of the participating banks and not us, you will not have a direct relationship with the participating banks. All deposits and withdrawals will be made by us on your behalf. You may also establish direct relationships with a participating bank, open separate deposit and/or savings accounts, and obtain certificates of deposit to which higher than rates might apply, but will not be provided the same level of services as those offered through our cash sweep arrangements.

You are responsible for monitoring the total amount of your deposits at any one participating bank for purposes of ensuring FDIC coverage for your funds, particularly since you may have other deposits at a participating bank of which we are unaware.

As set forth in the section **Fees and Compensation – Interest and Similar Compensation** above, we receive compensation from participating banks in connection with your funds held through the cash sweep arrangements. All participating banks, except affiliated banks, pay us a fee equal to a percentage (which may be as much as 3.50 percent annually) of the average daily deposit balance in your deposit accounts, which decreases the interest rate that you will receive in your deposit account balances (and could result in a negative yield to the extent our fee exceeds the interest). We reserve the right to increase, decrease, or waive all or part of these fees at any time. We receive an aggregate, annual fee of up to \$100 from our affiliated banks on a per-Securities Account basis.

Affiliated banks benefit from the use of cash swept from your account(s). The affiliated banks receive substantial deposits at a price that may be less than other alternative funding sources available to them. Deposits in deposit accounts provide a stable source of funds for the affiliated banks.

The offering of the cash sweep arrangements poses conflicts of interest because the fees and benefits we receive is an important source of our revenues, we determine how much of the interest we keep as our fee, we typically receive more fees when your cash is swept into the cash sweep arrangements than when you purchase a money market fund, and our affiliated banks benefit from the use of cash swept from your account(s). We seek to mitigate this conflict through disclosure in this brochure and, at least as a matter of current practice which is subject to possible change, by not sharing these fees with our Financial Advisors.

You should review the sections “The Stifel Automatic Cash Investment Service” and “Disclosure Documents for Automatic Cash Investment” of the Stifel Account Agreement and Disclosure Booklet for the terms, conditions, and other important information relating to the applicable sweep options, including a discussion of the various conflicts that we may have in connection with such options as well as how we seek to mitigate such conflicts. You may access the Stifel Account Agreement and Disclosure Booklet, as amended from time to

time, under the “Important Disclosures” section of [www.stifel.com](http://www.stifel.com), or may request a copy from your Financial Advisor.

## REVIEW OF ACCOUNTS

### Account Review

Each new account enrolled in a Program is reviewed by the applicable Financial Advisor’s supervisor prior to account opening. Thereafter, Financial Advisors periodically perform account reviews.

### Portfolio Review

Clients in the Programs covered in this brochure may request periodic analyses of their portfolio, including performance and/or other relevant characteristics and metrics (“Reports”) from their Financial Advisor(s). The information included in these Reports is verified by Stifel’s Operations staff who perform daily transaction reconciliation and performance return evaluations to identify and address the cause of any unusual variations or inaccuracies.

### Performance Information

When displaying performance, our primary reporting systems typically reflect a daily Time-Weighted Return (TWR) calculation methodology, but where specifically identified, may also present an Internal Rate of Return (IRR). TWR measures the performance of investments, without distorting daily values or growth rates based on the cash added or removed from an investment. IRR, on the other hand, considers the effect of all cash inflows and outflows in its calculation and is often used to measure the absolute growth of an investment over a certain period of time. In certain limited cases, we may calculate performance returns using one of our secondary reporting systems. Our secondary reporting systems generally calculate performance returns using a monthly Modified Dietz Method, which is a time-weighted method that also identifies and accounts for the timing of cash flows in the account over the period. If the date of a cash flow is not known, the systems assume a mid-month date for cash flows. Regardless of the system from which performance is calculated, a sampling of the performance returns is reviewed to confirm accuracy or compliance with presentation standards.

We rely on publicly recorded information, use various vendor systems, and/or rely on valuations provided by third-party custodians holding assets and/or accounts that are part of your relationship with us in determining the values used in our Reports. Depending on the primary reporting system, your Reports may or may not include unsupervised assets. The inclusion of unsupervised assets will distort the performance of our Advisory services. As a result, the performance on those Reports may differ from the performance shown for the same account(s) in a report that is limited to Advisory services. If you hold alternative investments where we receive periodic valuations (actual or estimated) from the associated management, administrators, and/or sponsors you should note that we may receive delayed valuations monthly, quarterly, or less frequently. As a result, those investments may show a historic or, in certain cases, an estimated value. The actual value, once determined, may differ from the value previously

reported to you and, as a result, you may not be able to realize a previously shown value upon sale or redemption. We update actual values upon receipt but will not amend previously issued Reports due to such changes.

In certain circumstances, you may notice a difference in the values displayed on custodial statements versus Reports for the same account. For example, our Reports generally include any income that is earned (accrued) but has not yet been paid by the issuer and base the figure on trade date rather than settlement date.

Regardless of the system where your Report was generated, you should carefully review the accompanying disclosure for definitions of relevant terms and calculations used, as well as other important information you should consider in your review. Clients should contact their Financial Advisors with any questions regarding the information they receive in a Report.

### Transaction Statements

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

### Realized Gain/Loss Summary

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

### Year-End Tax Report

With respect to those accounts for which our firms acts as custodian, we provide such Clients 1099 statements for the previous tax year. 1099 statements include both reportable and non-reportable information, cost basis for securities that have been sold, and additional information to assist with tax preparation.

### Transaction Confirmations

Clients with discretionary accounts may elect to receive trade confirmations immediately upon execution in their accounts, or defer confirmations until the end of each quarter. Clients with eligible accounts who elect to defer confirmations receive summary reports at the end of each quarter outlining the transactions posted to their accounts during the most recent calendar quarter. The election to receive confirmations immediately or quarterly may be changed at any time upon the Client’s written notice. *Clients are not eligible to defer confirmations for non-discretionary Program accounts.* Clients that have signed up for online access to their Advisory

accounts may review their transaction confirmations through the online portal.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

In general, we require that all solicitation or referral arrangements under which our firm is acting as investment adviser (i.e., referrals to us) to comply with applicable regulatory requirements, including, but not limited to, disclosures to Clients about the referral arrangement as well as any fees received (or paid) in connection with such referral at the time of the referral or execution of the Advisory Agreement. We have policies and procedures designed to deliver proper disclosures to Clients at the time of solicitation and/or account opening, which include disclosures of the solicitation arrangement, as well as the fee paid by Stifel to such solicitor (or received by Stifel) in respect of the solicitation. We require each solicitor to deliver these disclosures to each prospective Client. We also have procedures designed to confirm that all such prospective Clients sign disclosure delivery receipts, where appropriate.

Our firm may also enter into referral arrangements with other Advisers, for us to act as solicitor for that Adviser. Referrals made by our Financial Advisors under these arrangements are made in our capacity as a registered broker-dealer, and not as a registered investment adviser.

In addition to the arrangements set forth above, our firm also participates in the following solicitation or referral arrangements applicable to our Advisory services covered in this brochure:

### **Stifel Alliance Program**

Under the Stifel Alliance Program (“Alliance”), we may compensate individuals or companies, either directly or indirectly, for Client referrals by sharing a portion of the fees charged by our firm. Our policies prohibit our Financial Advisors from up-charging any Client to make up for the portion paid to or otherwise expended in connection with an Alliance solicitor. We and/or our associated persons may pay for registration costs (if any) relating to the solicitor to facilitate the solicitor’s state registration (if required). As a result, such solicitors may have incentive to refer clients to Stifel over other firms.

### **Compensation for Client Referrals**

As set forth above, our firm has entered into referral arrangements with certain of other Advisers, pursuant to which we (or our Financial Advisors) receive compensation for client referrals made to each such Adviser. Referred clients should be aware that our Financial Advisors may have an incentive to refer the client to Affiliated Advisers over Independent Advisers, as the Affiliated Adviser’s receipt of additional revenues for services not otherwise available through our Advisory platform may have a positive impact on our affiliated group. As of the date of this brochure, our firm had entered into referral arrangements with the following Affiliated Advisers in which we have agreed to act as solicitor: 1919 Investment Counsel.

In addition, our Financial Advisors also may receive nominal compensation for referring clients to our other affiliates for

services including, but not limited to, our banking affiliates and/or our trust company affiliates.

### **Other Compensation**

As set forth above under “Fees and Compensation,” we may receive Revenue Sharing from private fund sponsors or managers to whom we refer Clients for investments. We may similarly receive payments from mutual funds in which Clients invest. Clients should also refer to the “Brokerage Practices” section above for a discussion of research services that certain Advisers may provide to our firm and Financial Advisors.

## **CUSTODY**

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

Certain of our affiliates may also serve as qualified custodians of our Client assets. In such cases, consistent with applicable regulations, we generally receive a report issued by an independent registered public accountant relating to the affiliate’s internal controls in connection with its custody services.

## **VOTING CLIENT SECURITIES**

You can appoint Stifel or, if applicable, the Adviser with trading discretion over your account or Portfolio to vote appropriate proxies on your behalf. You can change your proxy voting election at any time with written notice to us.

In voting proxies, we have a fiduciary responsibility to make investment decisions that are in the best interest of our Clients and vote all Client securities accordingly. As required by applicable regulations, we have adopted policies and procedures to govern the proxy voting process for our Client accounts. We have retained a third-party proxy voting service (“Proxy Voting Agent”) to provide independent, objective research and voting recommendations based on its standard proxy voting guidelines, and to vote proxies in your account(s) on our behalf. If the Proxy Voting Agent is unable to provide a voting recommendation, we will determine the appropriate vote unless we determine that voting is impractical (such as where we would be required to obtain additional specific information on each affected client) or would lead to conflicting outcomes for our clients. Our policies provide that in cases where we are determining the vote, we will vote with management on routine issues and will vote non-routine issues in a manner calculated and intended to maximize shareholder value. Where the Proxy



Voting Agent is unable to provide a voting recommendation and there is a conflict between our firm's interests and your interests, we generally will abstain from voting.

You may request a copy of our Proxy Voting Policies and Procedures as well as the Proxy Voting Agent's standard proxy voting guidelines at any time, including a record of the proxies voted in respect of your account(s).

If your account is invested in a Manager-Traded Portfolio and you choose to delegate proxy voting authority, the Adviser will typically vote proxies related to the securities in the account or Portfolio. For this reason, you should carefully review the proxy voting discussion in each such Adviser's Form ADV 2A provided to you at the time you enroll into the Adviser's Portfolio. You should understand the Adviser's proxy voting process and guidelines, as well as the related risks prior to granting proxy voting authority to an Adviser. If an Adviser with trading authority over Clients' account is unwilling to accept proxy voting delegation, our firm will step in and direct proxies in the affected Client accounts to our Proxy Voting Agent for voting recommendations as well as actual voting.

We generally do not vote proxies for Clients whose custodial accounts are held by third-party custodians. In addition, if you are enrolled in the Connect Program, you should note that the Connect Adviser may or may not vote proxies for your account. You should therefore carefully review your separate agreement with the Connect Adviser to determine its proxy voting policy. If a Connect Adviser does not vote proxies on behalf of its clients, you will be responsible for voting proxies in your Connect Program account.

## FINANCIAL INFORMATION

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

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

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

### General Description of Status and Services Provided by Stifel to Plans

As set forth above in the section titled "*Wrap Fee Programs Offered by Stifel*" of this brochure, we offer and provide a variety of investment advisory Programs that are intended to assist responsible Plan fiduciaries with their prudent investment duties under ERISA. A thorough description of the services provided to a specific Plan is set forth in the applicable Advisory Agreement and may include investment management, trading, and/or custody services, as well as participant education and guidance.

**Discretionary Investment Management Services** – We offer and provide discretionary ERISA fiduciary investment advisory services through a variety of Programs covered in this brochure.

These Programs are as follows: Fundamentals, Solutions, Opportunity, Investment Management Consulting, Connect, and Custom Advisory Portfolio. Depending on the Program, discretionary portfolio management services may be provided directly through a Stifel Financial Advisor, by our home office personnel, or we may provide the Plan access to an Independent or Affiliated Adviser that provides such discretionary investment management services.

**Non-Discretionary Advisory Services** – We also offer and provide non-discretionary investment advisory and ERISA fiduciary services through the Horizon Program, as detailed above. Non-discretionary services are provided directly by your Financial Advisor.

More detailed information about these services and Programs is provided in, and each Plan Client should review, the section above entitled "*Wrap Fee Programs Offered by Stifel*."

### Our Status

When providing discretionary and non-discretionary advisory services through a Program, Stifel acts as a registered investment adviser under the Advisers Act. For a description of Stifel's status as a "fiduciary" under ERISA, please refer to the section titled "ERISA" in the applicable Advisory Agreement.

### General Description of Compensation Paid to Stifel

**Advisory Fees.** Our firm accepts direct compensation in the form of fees paid pursuant to the Advisory Agreement entered into with the Plan at the time of account opening. Plan Clients should refer to the applicable Advisory Agreement for the fee calculation formula specific to the Plan account. For information about the manner in which these fees are paid, please see the sections "*The Stifel Fee*," "*Deduction of Advisory Account Fees*," and "*Other Excluded Fees and Expenses*" of this brochure and the section entitled "Fees and Billing" in the applicable Advisory Agreement.

**Private Fund Fees.** In limited circumstances and in connection with certain Plan investments in private funds (including, but not limited to, hedge funds and private equity funds), we may receive placement fees or other compensation indirectly from a private fund and/or its related persons in lieu of advisory fees paid directly by the Plan with respect to such investment. Where applicable, such placement fees or other compensation are disclosed in the subscription documents or other documents that you execute in connection with the Plan's investment in the private fund, and are equal to the Advisory fee otherwise applicable to your Account. See the section of this brochure titled "*Revenue Sharing and Other Compensation Arrangements With Private Investment Funds or Their Sponsors*" for more information.

**Trade Errors.** As set forth above under "Trade Error Correction," our policy is to put a Client's account in the position that it would have been in if an error had not occurred. As a result, to the extent a trade error correction results in a gain, Stifel will retain the resulting gain, to the extent permitted under applicable law. Pursuant to applicable guidelines, such gains may be deemed additional compensation. We maintain a record of any losses and/or gains resulting from trade error corrections



in a Client account and will provide such information upon request.

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

**Compensation From Funds and Other Products.** For a description of the credits you may be eligible for in connection with investments in Funds and other products that pay 12b-1 fees and other types of compensation, please see the sections titled “*Compensation From Funds*” and “*Compensation From Other Products*” above.

**Brokerage Practices.** For a description of compensation we receive in connection with our brokerage practices, please see the section titled “*Brokerage Practices*” above.

**Sweep.** See the sections “*The Stifel Automatic Cash Investment Service*” and “*Disclosure Documents for Automatic Cash Investment*” of Brokerage Account Agreement for information about sweep services and benefits that Stifel and our affiliates may receive in connection with deposits made through the sweep program for Plan Client Accounts. Deposits in one of our affiliated banks or trust companies (each a “Stifel Bank”) will bear a reasonable rate of interest as required by 29 C.F.R. Section 2550.408b-4(b)(2). By participating in a sweep service, you authorize deposits in each Stifel Bank and acknowledge the benefits that Stifel, the Stifel Bank, and your Financial Advisor derive from the arrangement. Please contact your Financial Advisor for additional information.

**Float.** In general, under ERISA, a service provider, such as a custodian may retain the benefit of the use of any funds on hand that are incidental to the normal operation of the plan and that constitute earnings on funds that are (i) awaiting investment or (ii) transferred to a disbursement account for distribution from the plan. The DOL has issued guidance that requires financial institutions to make specific disclosures to employee benefit plans, such as the Plan, regarding the circumstances under which the institution has use of, or may derive benefit from, un-invested cash pending investment or distribution (“float”). As discussed in the section of this brochure titled “*Additional Information on Fees and Other Compensation*,” if Stifel serves as custodian of a Plan Client account, we may earn float on cash/funds received after the close of the NYSE (or on a day that the NYSE was closed) for the benefit of Client account, until such cash/funds are swept into the Client’s selected sweep option, typically the end of the second business day. Similarly, to the extent we issue a check to a Client or the Client withdraws funds through an ACH payment, we earn float on the funds covered by the check until the Client cashes the check or the ACH payment settles. In general, the amount of float earned is equivalent to the effective Federal Funds rate on the date earned.

**Training and Education Expense Contributions.** For information about payments we receive from investment companies and/or their affiliates in connection with training and achievement seminars offered to our Financial Advisors, please

see the section in this brochure titled “*Training and Education Expense Contributions*.” Sponsorship amounts generally vary by vendor and cannot be reasonably allocated to any particular Plan Client. For example, over the past three years, the amount that each participating vendor has contributed to sponsoring training or education events has generally ranged between \$5,000 and \$10,000, depending on the type of event; Stifel generally hosts approximately two to three of these internal training or education events per year. Additionally, the amount that each participating vendor has contributed toward sponsoring the Stifel annual conference has averaged approximately \$25,000, which was less than .00003 % of Stifel’s Advisory assets as of the end of 2019.

**Non-Cash Compensation.** Please see the section of this brochure titled “*Non-Cash Compensation*” for information about certain gifts and gratuities we may receive. Based on historic trends, we do not expect to receive non-cash compensation in excess of the de minimis threshold under DOL regulations with respect to a Plan Client.

**Termination fees.** See the section above titled “*Compensation in Connection With the Termination of a Client’s Relationship With Stifel*” for information about fees that may apply if you transfer assets in your Account upon termination of your Advisory Agreement.

Plans are directed to the section “*Fees and Compensation*” in the brochure for additional details about the various other types of indirect compensation that we may receive in connection with Plan assets and, to the extent applicable, the steps that we take to mitigate the conflicts that may be raised by the receipt of such indirect compensation.

**Financial Advisor Compensation.** For information about how we compensate your Financial Advisor, please see the section “*Compensation to Financial Advisors*” in this brochure.

#### **Accounts Managed by Third-Party Managers**

Plan accounts enrolled in our Opportunity, IMC, and/or Connect Programs may utilize the services of an Adviser (which, for purposes of this section, will encompass Investment Managers and Connect Advisers, as defined above) that is engaged to provide discretionary investment management services to the Plan. As the Adviser for the Plan, such Adviser is a fiduciary to the Plan for purposes of ERISA and a registered investment adviser for purposes of the Advisers Act. For our Opportunity Program, the Adviser’s direct compensation is part of the total fee that the Client pays under the applicable Advisory Agreement with Stifel; in our Connect Program, the Connect Adviser’s fee is separate from (and in addition to) the Stifel fee. In addition to the management fee, an Adviser may also receive indirect compensation, often referred to as “soft dollars” or other benefits, from other brokerage firms with which the Adviser executes trades for its client accounts. These benefits may or may not relate to trades effected for the Plan account. Plan Clients should refer to the applicable Adviser’s separate ERISA Section 408(b)(2) disclosure statement or Form ADV Part 2A for information about whether or not the Adviser receives soft dollars or similar benefits and, if so, the specific benefits received.